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FINANCIAL TIMES

SOUTH AFRICA
Embracing the National party
Page 21

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World News

Soviet strike leaders call on Gorbachev to resign

Strike action by Soviet coal miners appeared to be spreading. Miners' leaders stepped up their political attack on President Mikhail Gorbachev, demanding his resignation. Page 22

Soweto violence

At least 24 migrant workers were killed at a hostel in Soweto township in South Africa's worst factional violence this year. Coalition disbands, Page 3; Sanctions move, Page 22

Chile's bitter legacy

General Augusto Pinochet's 1973-90 dictatorship in Chile carried out a "systematic policy of extermination" of its opponents, according to an official report due to be made public. Page 4

Guards rescued

Four prisoners were killed in a western Siberian prison colony when a special Soviet police unit rescued two guards who had been taken hostage.

China jails three

A Chinese court sentenced three Hong Kong men to jail for up to five years for helping pro-democracy activists trying to flee the country.

Thais set no date

The head of Thailand's ruling military junta, General Sunthorn Kongsompong, said he had set no date for the release of ousted prime minister Chatichai Choonhavan and did not regard the issue as urgent.

Couple sentenced

Joachim and Gisela Preuss, a married couple who spied for the former East German communist government, were jailed in Düsseldorf for 10 and four years respectively.

Rail crash kills 96

At least 96 people died in northern Mozambique when a train rolled backwards nine miles into a station where it jumped the rails and crashed.

Tamils deny murder

The so-called Tamil Tigers guerrilla group, suspected of killing Sri Lanka's deputy defence minister, denied involvement.

Boat people shot

Thai soldiers opened fire on rioting Vietnamese in a refugee camp near Bangkok, wounding at least three, witnesses said. The refugees were protesting at plans to send them home.

Japanese scandal

Japan promised to investigate allegations that construction minister Yuji Otsuka failed to report $303,000 in political donations from a company at the centre of a widespread influence-buying scandal.

Noriega move

Lawyers of deposed Panamanian leader Manuel Noriega have asked for legal records of a landmark South African court case which overturned the conviction of a defendant abducted from abroad.

Relief centre closes

A Swedish relief organisation has temporarily closed its multi-million-dollar aid operation for Afghans at Peshawar, Pakistan, following the murder of an employee.

'Pot' as medicine

A US federal appeals court is being asked to order the government to legalise the use of marijuana for medical purposes, such as controlling nausea in cancer patients.

Arthur Murray dies

Arthur Murray, whose 450 schools taught generations of Americans to dance, died in Honolulu, aged 95. Edwin Land, whose invention of the instant camera made his Polaroid company a household name, died near Boston, aged 81. Obituary, Page 4

Business Summary

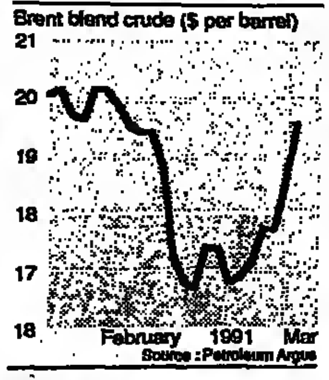
European companies to develop new regional jets

German, French and Italian aerospace companies are forming a joint company to develop a family of 80-130 seater regional jets which will compete directly against the British Aerospace range of 146 regional jetliners.

Deutsche Aerospace, the Daimler-Benz subsidiary, has decided to develop an entirely new aircraft family with Aérospatiale of France and Alenia of Italy. Page 23

MARKETS: Oil: Concern over low US stocks near beginning of annual spring-summer driving season helped to lift oil prices. On European free market Brent crude for April delivery rose by $1.05 to $19.60 a barrel. New York: At mid-session, Dow Jones Industrial Average was up 21.29 at 2,931.19. Tokyo: Nikkei 225-share average closed mildly firmer, up 94.45 at 25,976.02. Commodities, Page 32; Markets, Back Page, Section II

Oil price



Source: Petroleum Argus

PEARSON, UK publishing, banking and industrial group, will sell 22.5 per cent stake in Dutch publisher Elsevier in deal likely to be worth more than £350m ($672m). Page 23

BOND Corporation of Australia issued a writ in London's High Court seeking to disfranchise the shareholders of British Satellite Broadcasting who voted for the merger of BSB and Sky Television. Page 10

COATS Viyella, textile group, unveiled £194m ($372.5m) hostile bid for Tootal, sewing thread and clothing company. It first tried to take over company for £395m nearly two years ago. Page 23

ALLIED: Battle for control of South African building society was resolved with announcement that original United Building Society-led merger proposal would prevail over opposing bid from First National Bank. Page 26

SEARS, UK retailing group, made £150m ($288m) bid for Grattan mail order company which forms most profitable subsidiary of Next, ailing fashion retailer. Page 23

ARGENTINA is to introduce a tariff reform package on April 1, in an extension of its free trade policies. Page 4

SCHNEIDER, French electrical and engineering group, is pressing ahead with its $1.8bn bid for Square D, US manufacturer of electrical distribution equipment. Page 23

SIME Darby, Malaysian-based multinational, improved mid-term profit by 14 per cent to M$320m ($119m). Page 25

EUROPEAN Community: System of selling cars exclusively through networks of franchised dealers is likely to be outlawed if prices continue to vary widely between markets. Page 10

INDIA will cut government subsidies by 10 per cent and sell 20 per cent of the equity of some public sector enterprises. Page 3

TNT, Australian transport group, is to amalgamate international express freight businesses into a single entity to be known as TNT Express Worldwide. Page 26

Basra in hands of Islamic opposition as Kurd guerrillas 'seize northern city'

Saddam tanks tackle uprising

By Victor Mallet on tha Kuwait-iraq horder

UNITS of the Repnblican Guard loyal to President Saddam Hussein were yesterday attempting to regain control of southern Iraq following an uprising by Shia Moslems in Basra and the surrounding area.

Refugees walking into Kuwait described continued fighting hatweeu loyalist troops and disillusioned soldiers who have joined civilians in a popular revolt against Mr Saddam and the ruling Ba'ath party in tha aftermath of Iraq's defeat by allied forces.

They confirmed that Basra, Iraq's second largest city, was in the hands of the Islamic opposition, hut said it seemed the central government controlled the main road to Baghdad and had armoured units stationed outside the town.

In liberated Kuwait, Sheikh Saad al-Sabah, the Crown Prince, prime minister and military governor for the duration of martial law, arrived home to a tumultuous welcome after seven months in exile.

He returned six days after the ejection of the Iraqi army, hut his late arrival did not deter Kuwaitis from celebrating on the streets and firing their guns in a display of exuberance uncharacteristic of the normally reserved inhabitants of the Gulf states.

Also returning home yesterday were 10 allied soldiers and airmen, the first to be freed hy Iraq. The 10, including an American woman soldier, were handed over to tha International Committee of the Red Cross in Baghdad, then driven to Jordan. Coalition forces will free about 300 Iraqi prisoners of war today in response to Iraq's release of allied prisoners, the US military said.

Among those fleeing Basra yesterday was Mr Ahmed Abdullah Khalil, an Egyptian, who said he had also seen anti-Saddam demonstrations yesterday in the nearhy town of Zubair. The protesters carried pictures of Imam Ali, the deposed and murdered 7th century caliph regarded as the father of Shi'ism.

He said the governor and the police chief of Basra had been murdered, a claim also made by a spokesman for the Snpreme Assembly of the Islamic Revolution in Iraq (Sairi), a Shia gronp led by exiled religions leader Mohammed Bakr al-Hakim and based in Tehran.

The spokesman added that memhers of Iraq's ruling Ba'ath party and policemen had surrendered and some had joined the rebels. He further claimed that Kurdish guerrillas had seized control of the northern city of Sulaymaniyah, cutting it off from the rest of Iraq.

Sairi forces fought alongside Iran in the 1980-88 war against Iraq and carried out sabotage missions inside Iraq.

In a separate statement, Mr al-Hakim denied reports that the Basra rehellion waa fomented by 3,000 Sairi fighters infiltrated from Iran. "I have heard the nprising has been attribute to me," said the son of the Grand Ayatollah Mohsen Hakim, the Shia religious leader who died in the 1960s.

"This is uot true. Such reports are made up to diminish the degree of popular participation," he said.

Egyptian refugees said they had seen 12 tanks, apparently from Republican Guard units loyal to the government, fighting the regular army and demonstrators in Zuhair. They reported unrest in numerous Iraqi towns in the Shia heartland in the south and in the predominantly Kurdish north.

Tha Egyptians also say that as many as 250 of their fellow countrymen had been murdered because of Egypt's contribution to the multinational war effort against Iraq.

A Knwaiti student acting as a liaison officer and interpreter for American troops on the border said the Basra-based revolution appeared to be spreading. Tha government had tanks and artillery outside Basra, but the opposition also had tanks from disaffected army units.

"The governor of Basra has been killed and all the Ba'ath party offices and the police station have been destroyed," said the Kuwaiti, who preferred to give only his first name, Mohammed. "The opposition is controlling Basra with a large amount of military."

All witnesses agree that the uprising was led by Shia Moslem fundamentalists. The Egyptians said yesterday it was being organised by Ahul Qassem from the Shia holy city of Najaf.


Crown Prince Saad Al-Abdullah Al-Sabah waves to welcoming crowds at Kuwait airport

US and Saudi groups win orders

By Andrew Taylor in London

THE FIRST batch of emergency contracts to start rehuilding Knwait has been won by three US groups and one Saudi Arabian company.

The US Corps of Engineers, which awarded the contracts, was yesterday understood to be talking to Shand Construction of Britain and Kharafi of Kuwait about taking on other work.

The Kuwaiti government has awarded the Corps, part of the US military, a 90-day contract to carry out emergency repairs, restore essential services and demolish unsafe buildings following the war.

Yesterday the Corps was moving its headquarters hy convoy from Saudi Arabia to Kuwait where it is expected to atart work today assessing damage to buildings and infrastructure.

It said it would work with Kuwaiti engineers from a priority list set hy Knwait's government.

The Corps' contract with the Kuwaiti government is worth an estimated $46m.

One of the first tasks will be to identify huildings which can be saved and those which must he demolished. It is vital if order is to be restored that essential services reconnected as soon as possible.

Water and sewerage systems in particular will ueed to be restored to prevent the spread of diseases such as cholera and typhoid.

The three contracts placed with US companies have gone to Brown and Root of Houston, Texas, which will assist with the damage assessment survey and repair puhlic buildings; Blount of Montgomery, Alahama, which has won contracts for emergency repairs to electric power systems and to repair public buildings including hospitals; and American Dredging, which has won a contract for marine surveys of the harbour at Al Shu'aibah.

Al Harbi, a Saudi Arabian company, has been awarded a contract for np to $4.5m for paving roadways and airport runways.

Shand Construction, part of Charter Consolidated, said the negotiations involved sewage and water repairs, while Kharafi is expected to be awarded a contract for repairing pnblic buildings.

Swiss financier Rey to resign as chief of Omni Holding

By William Dullforce in Geneva and Andrew Bolger in London

MR WERNER REY, the Swiss financier, is resigning as chief executive of Omni Holding, his master company, which has recently been besat by deht problems.

Mr Rey's resignation came as Lonrho, the international trading conglomerate built by Mr Tiny Rowland, declared it was buying a DM265m ($174m) stake in a part of Mr Rey's empire.

It was not clear yesterday whether Mr Rey's resignation marks an end to his ambitions, or whether the chairmanship which he retains will allow him to keep effective control.

Omni's new management will start talks today with the company'a important creditor banka. Omni said yesterday that Mr Jean-Claude Vagnières would take ovar the operational management of the company and would lead the talks with the banks.

Lonrho is purchasing a 19.95 per cent stake in Harpener, a German industrial holding company, from Omni, which currently owns 54 per cent of the German company.

A Lonrho spokesmau declined to comment on the London-based group's relationship with Mr Rey, saying merely that Harpener was in a free-standing, deht-free industrial holding company with very good investments.

Initial reaction from Swiss analysts to the deal was that it was insufficient to solve Mr Werner Rey's cash and deht problems. "He is not at the end, he will have to sell more companies," one analyst remarked.

Lonrho said the Harpeuer purchase continued its long-standing policy of enlarging aud diversifyiug the group's investment portfolio in Germany.

Harpener's activities include real estate, an energy division mainly supplying electrical power and input into the public power grid, transport, including inland shipping, and various industrial activities.

Harpener has a current market value of DM920m and made pre-tax profits of DM81m in the year to September 30 1989.

Analysts also noted that Lonrho had preferred to take a direct interest in Harpener, Omni Holding's profitable German subsidiary, rather than in Mr Rey's main holding company itself. Some 30 per cent of the Harpener stock is understood to be in Japanese hands.

Trading in Omni's shares has heeu suspended ou the Swiss stock exchanges since mid-day Thursday, while Mr Rey tried to find new partners or to sell assets.

Omni has released no figures indicating its financial position since publication of its 1989 annual report, which showed assets of more than SFr4hn ($3bn) equity of roughly SFr1hu aud borrowings of SFr3bn, of which SFr500m was attributed to minority interests.

Mr Rey also ueeds to find a way of completing the deal announced last week under which Omni was to sell for SFr770m a 53 per cent stake in Adia, the big employment and services group, to Asko Deutsche Kaufhaus, the German retailing group, and Mr Klaus Jacob, Swiss businessman.

CONTENTS

Zia ready to steer a fragile democracy into safer waters

Khaleda Zia, Bangladesh'a new leadar, was kept out of puhlic life by her husband, formar President Zia ur Rahman, who was assassinated 10 years ago. But since hia death Mrs Zia has plunged into politics Page 3

MARKETS

STERLING
New York lunchtime: $1.8965 (1.8955)
London: $1.897 (1.898)
DM2.915 (2.9175)
FFr9.9225 (9.935)
SFr2.5375 (2.5275)
Y257.00 (255.25)
£ Index 93.7 (same)

GOLD
New York: Comex Apr $369.75 (368.6)
London: $365.75 (368.55)

N SEA OIL (Argus)
Brent 15-day Apr $19.60 (+1.05)

Chief price changes yesterday: Page 23

DOLLAR
New York lunchtime: DM1.536
FFr5.228
SFr1.33875
Y135.9
London: DM1.5365 (1.537)
FFr5.23 (5.235)
SFr1.338 (1.3315)
Y135.5 (134.5)
$ Indax 62.1 (61.9)
Tokyo close: Y135.35

US lunchtime rates
Fed Funds $6\frac{3}{16}$%
3-mo Treasury Bills: yield: 6.24%
Long Bond: $95\frac{5}{8}$
yield: 8.27%

STOCK INDICES
FT-SE 100: 2,382.9 (-4.0)
FT Ordinary: 1,918.1 (-0.1)
FT-A All-Share: 1,154.87 (+0.0%)
New York lunchtime: DJ Ind. Av. 2,936.14 (+26.24)
S&P Comp 371.83 (+1.36)
Tokyo: Nikkei 25,976.02 (+94.45)

LONDON MONEY
3-month Interbank: close Mar $12\frac{11}{16}$ (same)
Liffe long gilt future: Jun $91\frac{17}{32}$ ($92\frac{3}{32}$)

Years of repression have failed to demoralise Saddam's enemies whose moment has come

Crucial test for Iraqi opposition

By Tony Walker in Riyadh

THE Iraqi opposition, which has been heavily repressed for years, has shown in the past few days that it is not the completely demoralised and ineffectual force many had suspected. The question is whether the uprising in Basra and other southern cities has the organisational strength on the ground to sustain itself.

Taking advantage of the chaos that followed the rout of the Iraqi army in the south last week, Islamic militants loyal to an exiled Iraqi Shia leader in Tehran claim to have "taken over" Basra and to have repelled attempts by Saddam Hussein loyalists to regain control.

Long discounted as any real threat to Saddam Hussein, Iraq's disparate opposition is now attracting serious attention amid the increasing signs of disaffection across the country. Defeat in the Gulf war has spawned some of the most flagrant opposition to Ba'athist dominance since Kurdish groups controlled large swathes of territory in northern Iraq in the early 1970s.

The Iraqi opposition falls into four broad categories: Kurdish factions, pro-Iranian Shias, Arab nationalists and the groupings of the Left, including the underground Iraqi Communist party. Until very recently these factions and splinter groups made little attempt to co-ordinate their activities. Demoralised and divided, and preyed on by the ubiquitous Iraqi security forces whose reach extended well beyond Iraq's borders, inertia had overcome many of these groups. That changed with the onset of the latest Gulf crisis.

Gulf states and Egypt and Syria stepped up their support for the Iraqi opposition by providing additional funding and allocating broadcasting facilities. The "Voice of Free Iraq" has been broadcasting since January 1 from Cairo, Damascus and the Gulf with calls for Mr Saddam's overthrow.

The Iraqi opposition was also nudged towards adopting a unified political programme which it did at a series of meetings in Beirut and Damascus over Christmas.

Members of some 21 oppoeition groups agreed on December 27 to establish a 17-man secretariat and a five-member steering committee whose membership consisted of two Islamic representatives, a Kurd, a Ba'athist and a Communist.

To allay fears among religious groups that secularists would dominate, all member of the executive committee were given power of veto.

The Beirut-Damascue gatherings endorsed a 12-point resolution calling for the formation of a coalition government whose aim was to hold free elections.

But in spite of pressure from Saudi Arabia and several of the other Gulf states, the Iraqi opposition deflected suggestions that it might eet up an "exile government", saying this would be premature.

An untapped potential strength of Iraq's opposition is the large number of Iraqis living abroad, many of them because of their distaste for the Saddam Hussein regime. Oppositinn leadars estimate there are about 1.7m Iraqis or 10 per cent of the population outside the country.

Easily the most potent of the opposition groups, leaving aside the Kurdish factions, is the Supreme Assembly for the Islamic Revolution in Iraq whose spiritual guide is Mohammed Baqir al-Hakim, an Iraqi cleric who has lived in exile in Iran for many years. Militant Shias in Basra say they owe allegiance to al-Hakim.

The Tehran-based group functions as the umbrella organisation for the heavily repressed Iraqi underground al-Daawa al-Islamiyah (The call of Islam) group which has been most implacably opposed to Mr Saddam. Suspected membership in Iraq of the al-Daawa automatically means the death penalty.

Ironically, this was the group believed to have been involved in a number of terrorist actions against Kuwait and its ruling family, including the attempted assassination of the Emir in 1985. One of the aims of this terrorism, almost certainly directed from Iran, was to loosen Kuwaiti support for Iraq in the Gulf war.

If al-Daawa elements are engaged in the Basra insurrection and if reports are correct that Iranian militants have joined them, then Baghdad may have its work cut out to put down the uprising. Tehran itself gives every indication of supporting the rebellion.

Significantly, the English-language Tehran Times, which reflects the views of President Ali Akbar Hashemi Rafsanjani'e camp, gave strong backing for rebels yesterday in an editorial.

In what was clearly a pitch for a Shia ascendancy in Iraq 55 per cent of Iraqis are Shia the newspaper called for a "pnpular government" to replace Mr Saddam.

The Tehran Times said thet a replacement for Iraqi regime should "preclude a role for the failed Ba'ath party and also prevent any large or leading role for the present Iraqi army".

Left unsaid by the paper was the fact that the Iraqi army is penetrated at almost all levels by Ba'athist officials.

American woman among 10 freed PoWs

By Lamis Andonis in Baghdad

IRAQ yesterday released 10 allied soldiers captured at the ontset of the war. They included six Americans, three British and one Italian.

The Iraqis said that the release of the prisoners was e good gesture. According to the Iraqi eources, Baghdad has captured a larger number of allied soldiers from all nationalities than has been reported in the west. The sources did not disclose figures but said that the allies are eware of the number of their PoWs.

The 10 released yesterday, including an American woman soldier, were handed over to the International Committee of the Red Cross (ICRC) in Baghdad and then driven to Jordan.

Allied and Iraqi officers agreed on Sunday to arrange a first, symbolic exchange of prisoners as a step towards formalisation of a ceasefire ending the six-week war.

A communiqué on Radio Baghdad accused the allied forces of violating the ceasefire after aircraft flew over the city at noon, adding to Iraqis' sense of uncertainty about the future. No air raid sirens were heard and the Iraqi anti-aircraft missiles remained silent.

Iraqi sources said that Baghdad would not be provoked into responding and would observe the ceasefire. But they believe the allied forces will continue to put pressure on Baghdad throughout the current military negotiations. "Today was a reminder to the Iraqis of the allied air supremacy," said one Iraqi.

The government is meanwhile trying to get life back to some semblance of normality. Electricity has been promised to be restored within one week. Well-informed sources said that Baghdad will use an old power plant which apparently was not badly damaged.

Baghdad was still mainly in in darkness last night except for a few areas and streets were electricity was restored for a limited period. Iraqi television is broadcasting mainly entertainment programmes.

On the streets of Baghdad there are mixed feelings of sadness and hope.

Radio commentaries sought to convince the people of the justice of the Iraqi cause. "Iraq is victorious because it stood for the right against evil," a commentary said yesterday.

Except for reports from the foreign radio stations, there was no reliable information available of what was taking place outside Baghdad. There is concern that the allies will try to fuel sectarianism and ethnic frictions in order to divide the country.

These concerns were implicitly expressed by one of the Iraqi newepapers yesterday. "The enemy has not dropped the guns. . . It has nnt achieved its goals yet. . . we have to keep our eyes open," warned the daily al Iraq newspaper.

BRITISH troops would go home as soon as the coalition's ceasefire with Iraq was consolidated, Mr Tom King (above right), the British defence secretary, said yesterday on a visit to the 1st Armoured Division in the desert north of Kuwait City, Victor Mallet writes. Mr King, who was accompanied by Sir Peter de la Billière, commander of British forces, said: "The worst mistake we can make in this moment of success is to let it slip, rushing and reducing our defences and letting our guard down." The first soldiers should be able to return to Britain about two weeks after a solid ceasefire, the minister added.

Crown prince returns to exuberant welcome

By Victor Mallet in Kuwait City

SHEIKH Saad al-Sabah, the Kuwaiti crown prince, prime minister and military governor *for the duration of martial law*, arrived home to a tumultuous welcome yesterday after seven months in exile. He immediately knelt in prayer on the airport apron.

He returned six days after the liberation of the capital from Iraq's occupying army, but his late arrival did not deter Kuwaitis from dancing and celebrating on the streets and shooting firearms in the air, in a display of exuberance uncharacteristic of the normally reserved inhabitants of the Gulf state.

The crown prince is the first senior member of the ruling family to return from exile. No date has been set for the return of Sheikh Jaber, the emir, who remains in Saudi Arabia.

Mr Abdul Rahman Al-Awadi, the minister for cabinet affairs, said at the airport yesterday that security needed to be ensured before the emir could come home.

"The place is not safe, the streets are not safe," he said. "There are so many munitions." Iraq destroyed all the main royal palaces during the *invasion in August last year*, and left land mines throughout the country.

Sheikh Saad arrived from Saudi Arabia in a Saudi military transport aircraft and said he was "very, very happy indeed to be back home".

He hugged and kissed Kuwaiti dignitaries and greeted foreign diplomats. Last night, Kuwaitis again took to their cars and buses in celebratory parades.

Meanwhile, the Kuwaiti army has taken over roadblocks from the Kuwaiti resis*tance and has begun rounding* up Iraqis in hiding and Palestinians suspected of collaboration.

Up to 400 Palestinians are reported arrested by armed Kuwaitis in recent days, although speculation that there had already been summary executions of collaborators was dismissed as unfounded yesterday by Mr Michael Weston, Britain's ambassador to Kuwait.

EC prefers diplomacy to conferences

By David Buchan in Brussels

THE European Community has decided to put bilateral diplomacy in the Middle East, closely co-ordinated with the US, ahead of calling for an international peace conference.

EC foreign ministers yesterday decided to send three of their number – the Luxembourg, Italian and Dutch ministers – to the region immedistely.

Their first port of call will be Damascue tomorrow, then Jerusalem and Amman the following day, ending on Friday in Tripoli for a meeting of Maghreb states under Libyan chairmanship.

The EC "troika" of ministers will coincide in Damascus with a meeting which Syria has convened of the six Gulf Co-operatiou Council countries and Egypt. The increasing co-operation of these states was, according to Mr Douglas Hurd, the UK foreign secretary, the "core of renewal of Arab co-operation" and "it fits absolutely into our British idea of how the Middle East ehould evolve into a more orderly structure".

Mr Hurd issued an appeal, reinforced by Mr Jacques Poos of Luxembourg, the current EC president, on behalf of all EC states for the Kuwait government to bring order to the country. "Everyone can understand disorder and high emotions in a newly liberated state," said Mr Hurd. "Martial law may be right for the time being but, as we have already expressed on several occasions, the rule of law must be established."

Adopting a relatively upbeat tone on the prospects for overall Mideast peace, including settlement of the Arab-Israeli dispute, Mr Hurd said: "There is now a bit of a breeze [in the sails of peace-brokers], which may not be sufficient to carry us into harbour, but is felt by everyone."

Yesterday's meeting saw the temporary shelving of European ideas for grand conferences – specifically to deal with the Arab-Israel dispnte and generally to creata a Conference on Security and Co-operation in the Middle East (CSCM) on the European model – in favour of lower-key diplomacy.

This had always been the desire of the British and the Dutch, whose foreign minister, Mr Hans van den Broek, yesterday said the first step must be to get Israel and its Arab neighbours to agree to peace statements, which could later be crowned by a CSCM. More eurprisingly, Mr Rnland Dumas, the French foreign minster, yesterday echoed the need for "quiet, unrushed" diplomacy.

Ministers struck a political compromise between Israel and the occupied territories by agreeing to give an Ecu160m (£112.5m) loan to Israel on etandard market terms, but with an Ecu27.5m interest rate subsidy from the EC budget, and an Ecu60m grant to the Palestinians.

Emirate's oil industry 'will take 5 years to rebuild'

KUWAIT could take up to five years to rebuild its shattered oil industry, a Kuwait Oil Company (KOC) executive said yesterday, Reuter reports from Ahmadi in Kuwait.

Mr Ali al-Qabindi, co-ordinating KOC efforts to extinguish hundreds of fires at oil wells and tank farms and to repair the badly damaged al-Ahmadi refinery, said the situation was worse than it looked two days ago.

He said 85 per cent of the 500 wells feeding directly to the al-Ahmadi complex of tank farms, export terminals and refinery installations were on fire. The rest were damaged.

KOC officials say Iraqi soldiers set explosives around the mouth of every oil well in the country immediately after they invaded the emirate. The charges were not primed and detonated until two or three days before the allied ground offensive began on February 24.

Some wells and oil collection points were destroyed by allied bombing, officials added.

Mr Qabindi said the priority was to restore some crude oil flow to the Ahmadi refinery to meet emergency domestic needs. Kuwait had only 14 days nil supplies still in storage tanks.

The refinery – which produced up to 250,000 barrels a day (b/d) of refined products – was badly damaged but is no longer on fire.

Ahmadi's Sea Island terminal had been destroyed, Mr Qabindi said. "It is just not there anymore."

But a single-point offshore mooring point for supertankers to load crude was intact and crude and refined product-loading units on two Ahmadi piers were not too badly damaged.

Mr Musab al-Yaseen, KOC reservoirs' superintendent, said firefighting was on hold until the desert around blazing wells had been cleared of Iraqi mines, booby traps, and isolated pockets of Iraqi soldiers still bunkered down. "The Iraqis are still coming to the surface with their hands up, every now and then."

Some low-pressure wells had started to burn themselves out, Mr Qabindi added. He estimated that up to 4m b/d – worth up to $76m (£40m) a day – were being destroyed.

Kuwait was producing about 1.6m b/d before the invasion and exported oil worth almost $9bn in 1989.

Mr Red Adair, the Texan oil firefighter, is due in the emirate shortly to assess damage and help extinguish blazes.

UN chief voices hope on sanctions

By Michael Littlejohns, UN Correspondent, in New York

MR Javier Pérez de Cuéllar, UN secretary-general, voiced hopes yesterday for the early lifting of most sanctions against Iraq, after the Security Council agreed to exempt more food and humanitarian aid from the trade embargo.

The US and Britain are unwilling to relax the August 6 sanctions order and permit Iraq to receive unlimited supplies of foodstuffs.

Mr Pérez de Cuéllar acknowledged this was a matter for the Council, but when asked about lifting sanctions he said he hoped it would be as soon as possible.

Requests to ship food to Iraq will still be handled case by case by the Council's sanctions committee. This body, comprising all 15 members, has approved requests by Belgium and Denmark to ship babyfood and an Iranian proposal to send beans, rice and other foodstuffs as well as fresh water.

Mr Pérez de Cuéllar said Mr Martti Ahtisaari of Finland, his special envoy, should be able to leave New York tomorrow at the head of a team that will examine Iraq's humanitarian aid needs.

Kuwait's private sector 'must play dynamic role'

By David Owen

ONE BY-PRODUCT of the Gulf war may be a more dynamic Kuwaiti private sector which is more amenable to the notion of foreign investment, according to prominent local bnsinesemen interviewed in London.

Until now, such private businesees as exist have been highly dependent upon government support. With the cost of rebuilding hanging over the state, this drain can no longer be afforded, the businessmen say.

"The role of the private sector needs to be very much revised so that it is not dependent on government expenditure," said Dr Fahad al-Rashed, former managing director of the Kuwait Investment Authority (KIA). "We need a full systematic well-planned programme to achieve a greater definition between the private and public sectors."

One way of setting such a programme in motion, according to Mr Salah al-Maousherji, formerly assistant general manager of the Kuwait Investment Office (KIO), would be to target more carefully the cheap credit that has traditionally been made available to businesses by the Kuwaiti government.

This perk, which used to be open to all comers, "will be rationed to those industries that are really contributing," he said. "Kuwait will change from a welfare society to a productive society."

Mr al-Maousherji, who served as chief executive and president of the Wafra Interv-est investment bank before moving to the KIO, believes that the government "will eventually seek to privatise many of its services", paving the way for greater foreign investment and regional economic co-operation.

"Let's say telecommunications are handled by private companies – you will find that there are mergers and joint ventures," he said. "I would see future co-operation being greatly enhanced between Gulf countries because we need to seek more efficiency in our economy by rationalising industries on a sub-regional basis."

Dr al-Rashed would like to see an economic restructuring to enable Kuwait to diversify away from oil. This would ideally be along the lines advocated by a KIA-commissioned report completed in 1988.

This recommended that Kuwait focus on highly skilled trades and services. "You cannot compete with New York and London in the field of financial aervices, but you might be able to develop niches like Islamic financial products," Dr al-Rashed said.

The nation 'will change from a welfare society to a productive society'

Such restructuring as the two men propose, however, would require Kuwaitis themselves to play a much more active private-sector role than in the past.

According to Mr al-Maousherji, Kuwaitis have hitherto made up a paltry 2-3 per cent of the emirate's private sector workforce. Many observers regard the necessary change of attitude as improbable in the extreme.

However, said Dr al-Rashed, "this war indicated that Knwaitis can work in any field". "Inside Kuwait, they adapted from the first week to do many things from running bakeries to carpentry to repairing cars. Necessity pushed them to do it as it did before the oil era."

Mr al-Maousherji expects the government to devise incentives for companies to use Kuwaiti labour and managers, and to require foreign groups winning reconstruction-related contracts to use Kuwaiti personnel. "We have no lack of talented people but we have to find a mechanism to incentivise them," he said.

KIO property group suffers profits fall

ST MARTINS Holdings, the property, private health and catering supply group which is owned by the Kuwait Investment Office (KIO), made retained profits of only £297,000 on turnover of £298.8m in the year to June 30, 1990, writes David Owen.

This compared with a profit of £1.56m on turnover of £242m in 1989. The 1990 figure was after tax and a £3.59m extraordinary charge.

Documents recently filed at *Companies House show that* the £31m of operating profits generated by the London-based company's businesses were largely wiped out by £26.06m of net unallocated head office income and interest.

The group's overall interest bill weighed in at £30.98m. This was up from £27.18m in 1989.

Best performing divisions were property, which contributed £13.34m of profit versus £16.57m in 1989, and vending and catering with £11.93m (£8.68m). Equity trading and underwriting weighed in with £5.68m (nil), while private health care contributed £57,000 after a £1.68m loss in 1989.

Of the extraordinary charge, *£1.44m stemmed* from a loss on the disposal of shares in subsidiary and related companies, while the balance was attributable to closure, reorganisation and rationalisation costs.

Argentine mission hunts contracts

By John Barham in Buenos Aires

ARGENTINA has wasted no time in sending senior diplomats to Kuwait in the hope of reaping concrete benefit from its participation in the war.

Last September, Argentina sent two warships to the Gulf to help enforce the United Nations trade embargo. However, it was careful to keep the vessels far from the war zone. The decision was highly controversial as it ended a long tradition of non-alignment and placed the Argentine navy and Britain's Royal Navy on the same side.

Now that the ships are returning to port without having fired a shot in anger, an embattled President Carloe Menem is anxious to show that at least one of his policies has worked.

Argentina has just opened a temporary embassy in Kuwait, which it used to cover from its embassy in Riyadh, and is organising a trade mission of engineering and construction companies to Kuwait.

Government officials held news conferences and made television appearances to publicise Argentina's right to a slice of the reconstruction business as a member of the 28-nation coalition. Mr Guido di Tella, foreign minister, said: "At the time, there was much opposition. But today one can observe that never with so little has so much been done."

Last year, the decision to eend the warehips was described as a foreign policy masterstroke to market a new image portraying Argentina as a sober and reliable western ally. Foreign Ministry officials were quick to deny any ulterior mercenary interest.

Italy ponders leaving war to the professionals

By John Wyles in Rome

Andreotti: professional army may be needed

THE Gulf war, and Rome's capacity to make only a limited contribution to the allied military cause, has sparked an unusual debate in Italy about whether the country ehould move to full-time volunteer armed forces.

The issue is highly sensitive in a country with a strong pacifist streak – most recently aroused by the Pope's implacable opposition to the Gulf conflict. Neverthelees, the fact that Mr Giulio Andreotti, the Christian Democrat prime minister with traditionally excellent relations with the Vatican, could assert in a magazine interview published yesterday that a professional army was "no longer a theological question" illustrates how the Gulf experience is concentrating political minds.

Italy's deployment of 10 Tornado aircraft and five naval ships in the war just about sustained the country's pretansions to be a front-rank European power, although in a laggardly position.

This was symbolically underlined yesterday by the presence in Washington for talks with Mr James Baker, US secretary of state, of Mr Gianni De Michelis, the foreign minister, immediately after his British, French and German counterparts had held their meetings with Mr Baker.

The government would have been hard-stretched to have fielded a force with the equipment and training equal to their British and French counterparts. Italy's defence expenditure, just over 2 per cent of gross domestic product, is one nf the lowest in Natn. Its 270,000-strong army includes only 4,000 volunteers, and conscripts enrolled for 10-12 months of military service cannot be trained to the highest level.

A rapid intervention force was created in the mid-1980s but exists more on paper than in reality. Mr Andreotti seys that s professional army would be needed to enable Italy to participate in future UN police actions, while Mr De Michelis believes thet European defence integration will require an upgrading of Italy's military capacity.

De Michelis: last into talks with Baker

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India seeks tough cuts in spending

By K.K. Sharma in New Delhi

INDIA WILL cut government subsidies by 10 per cent and sell 20 per cent of the equity of some public sector enterprises, according to an interim budget presentad yesterday hy Mr Yashwant Sinha, minister of finance.

Mr Sinha's move is widely viewed as an attempt to persuade the International Monetary Fund that the government is serious about tackling India's growing fiscal deficit. India is seeking a second instalment of \$2bn (£1.06bn) from the IMF, following a standby credit of \$1.8bn.

Mr Sinha announced that the regular budget would now be presented in May and that he wonld use the period to review expenditure, reducing the fiscal deficit from its present 8.59 per cent of GDP to 6.5 per cent.

Mr Sinha estlmated the 1990-91 fiscal deficit at Rs433.31hn (£11.82hn) against Rs367.95bn a year ago. The government has estimated the 1991-92 budget deficit at Rs99.77bn.

Interest payments on internal and external debt – put at Rs267.5bn in 1991/92 against Rs218.5bn in the current year – account for the biggest chunk of government spending, according to budget documents. The World Bank put India's foreign debt at \$64bn in March 1990.

The budget deficit for 1990-91 has risen to Rs107.7bn, from a revised deficit of Rs105.9bn for the previous year. The increase comes mainly from higher interest payments on borrowings, the repatriation of Indians from Kuwait and higher subsidies.

Despite planned spending cuts, Mr Sinha also announced a rise of defence expenditure by Rs9bn, from last year's budgeted Rs157bn.

Proposed cuts in government expenditure include slashing loans to the states by Rs22.7bn. Mr Sinha also made a provision of Rs15bn for the previous government's populist scheme of writing off farmers' debts.

Zia ready to take over fragile democracy

Bangladesh's new leader is anxious for a period of stability, writes David Housego

MRS Khaleda Zia, Bangladesh's new leader, was kept out of public life by her husband, former President Zia ur Rahman, who was assassinated 10 years ago. She has been known to say that one of the few decisions on which she influenced his thinking was the appointment of General Hossain Mohammad Ershad as his army cbief of staff. Gen Ershad is believed to have had a hand in the army rebellion that overthrew her husband.

Since his death, Mrs Zia has plunged into the rough and tumble of Dhaka politics and, if the transfer of power by the interim regime goes smoothly in the next few weeks, she will take over full executive power.

None the less, there are many in Dhaka who fear she lacks the toughness needed for the tussles ahead. Bangladesh is a country without a history of democratic politics; it does bave a tradition of violence, demagoguery, military coups and of political assassination.

Mrs Zia will immediately be faced by difficult demands from groups that helped her to victory and which will nnw seek reward. The country's strong puhlic sector unions are seeking wage increases of more than 20 pcr cent – which if conceded would undermine the government's recent fragile success in achieving targets for the reduction in public expenditure set by the International Monetary Fund.

Business bouses that helped finance the campaign of Mrs Zia's conservative Bangladesh National party are pressing for tax bolidays, protectionist tariffs and the postponement of a proposed value added tax to be brought in at the instigation of the World Bank and the Fund.

Mrs Zia, however, could be of tougher mettle and have more cards in her hand than her self-effacing image as the president's widow would suggest.

Both she, and those immediately close to her, have a reputation for fighting the corruption that tarnished Gen Ershad's name and prompted the explosion of popular anger that caused his downfall.

"Most people are confident that a BNP administration would be more anti-corruption than any alternative," says a senior diplomat.

She shrewdly gathered a small number of senior administrators around her and seems willing to delegate power to them. Among them is Mr Saifur Rahman, a former finance minister who is likely to return to the job, and is a strong believer in avniding "flashy" public sector projects, in encouraging foreign investment and accelerating privatisation.

Though there is considerable risk that the political parties will soon be at each other's throats, there are also chances that restraint will prevail. Bangladesbis have been surprised themselves at how smoothly the country has moved from the collapse of Gen Ershad's regime to the bolding of elections widely judged to have been free and fair.

But if politicians play party politics, warns Mr Kamal Hossain, a leader of the defeated Awami League and a former foreign minister, "it will take very little to undo democracy and finish us as a country."

Khaleda Zia: not just a widow

Though Gen Ershad himself won five seats in an election it was surprising be was allowed to contest; both the army and politicians seem united in their determination to prevent him from making what they now fear would be an embarrassing comeback.

Mrs Zia says: "The law will take its course against him." He is under detention facing corrnption and other charges.

The new government also has the advantage of taking power at a time when the balance of payments and budget problems that rocked the economy last year – and forced both the World Bank and the IMF to postpone fresh loans – have been brought under control.

An IMF mission has just left Dhaka recording a satisfactory verdict on the government's macro-economic management. The foreign exchange reserves have climbed back to more than \$700m (£370m) – equivalent to 3½ months of imports, compared with a low last year of \$400m.

Bangladesh has barely been touched by the Gulf crisis because it held crude stocks that permitted it to postpone oil purchases while prices were high. As a Moslem country that sent troops to Saudi Arabia, it bopes to benefit from reconstruction.

During the current fiscal year ending June, the government's current spending – which ballooned out of control last year – has brought the budget deficit to 8½ per cent of gross domestic product, which was the level set by the IMF. Real GDP is expected to rise by about 5 per cent this year – or above Bangladesh's recent low growth trend.

The real test nf Mrs Zia's administration, however, will be whether she has the skill and foresight to pursue measures that could raise Bangladesh's long-term growth rate. The most worrying feature of the last decade has been the decline in gross investment from 16 per cent of GDP in the early 1980s to 11 per cent.

But she needs the stability of a lengthy period in power. Hence her anxiety to retain the presidential system of government and to stand as a candidate in the presidential election, likely to be held in May.

S African group disbands

By Patti Waldmeir in Johannesburg

ONE of South Africa's largest anti-apartheid coalitions, the United Democratic Front (UDF), has decided to disband by August 20, becanse it believes a non-racial democracy will soon be realised.

The UDF, formed in 1983 to oppose the adoption of the current race-based constitution which hars hlacks, united some 700 community, youth and women's groups in the fight against apartheid.

Yesterday the UDF called on its affiliates to work towards strengthening the African National Congress, which it called "our ideological senior and mentor", following sharp criticism within the UDF of lack of ANC organisation.

UDF leaders, speaking at a press conference yesterday, nrged commnnity grnnps, known as "civics", to maintain their independence from the ANC, and to undertake mass protest actions separately from it, with the aim nf imposing a check on the ANC's power, especially if it forms the next government.

● At least 24 people were killed in Soweto township at the weekend in South Africa's worst factional violence this year, Reuter reports.

HK voters support democracy

By John Elliott in Hong Kong

HONG KONG's liberal-leaning political parties working on a pro-democracy platform have chalked up a significant victory over rival business and trade union parties, in the colony's first elections since parties were formed last year.

Pro-democracy candidates won about 80 seats (out of 274) in elections on Sunday for 19 consultative district boards, which form the bottom tier of Hong Kong's limited hnt developing democracy.

Estimates give the Federation of Trade Unions and a business-based party called the Liberal Democratic Federation only about 50 seats. Both support closer relations with China. There was a 32.5 per cent voter turnout, lower than the government had hoped.

Japan-Thai venture

Nissho Iwai, the Japanese trading company, will set up a Y260m (£1.03m) phennl resin venture in Thailand with Japanese and Thai partners, AP-DJ reports from Tokyo. Brighton Company, a Thai chemical importer, will bold a 49 per cent stake in the venture, Gun-ei Chemical Industry nf Japan 31 per cent and Nissho Iwai 20 per cent.

Pakistan minister resigns over Gulf policy

By Farhan Bokhari in Islamabad

PAKISTAN'S local government minister, Mr Abdul Sattar Niazi, resigned yesterday over differences on government policy concerning the Gulf.

In a resignation letter addressed to the prime minister, Mr Nawaz Sharif, be also cited differences over introduction of an Islamic "shariat" bill meant to incorporate religious principles in the legal system.

Mr Niazi, who chaired a parliamentary committee that finalised the bill, is the first minister to resign from Mr Sharif's government since it came to office last November.

Mr Niazi said that the prime minister's attitude had become "assertive" after Iraq's defeat.

This was an apparent reference to Mr Sharif's recent statement that he felt vindicated because he stood on the "correct" side during the war.

With Pakistan's commitment of 11,000 troops to the defence of Saudi Arabia, the government came under criticism from domestic groups demanding a tougher line against the action by the coalition forces.

Mr Niazi said that the government had not moved fast enough to introduce the "shariat" bill.

Western diplomats responding to yesterday's resignation said that this should not cause any immediate problems for Mr Sharif's government, which continues to have a large majority in the parliament.

However, Mr Niazi's return to the parliamentary benches may open up stronger criticism of the government, said one diplomat.

Taiwan payments surplus reduced

By Peter Wickenden in Taipei

RECORD CAPITAL outflows almost exactly counterbalanced Taiwan's current account surplus last year, to produce an overall balance of payments surplus down from \$3.1bn (£1.6bn) in 1989 to just \$55m last year.

The Central Bank said yesterday Taiwan's exports had grown only 1.4 per cent last year to \$66.8bn compared to a 13 per cent growth in 1988 and 9.2 per cent in 1989. Imports increased by 4.7 per cent to \$52bn, trimming the 1990 merchandise trade surplus to \$14.8bn from \$16.2bn in 1989.

Although fewer people could afford foreign travel last year in the wake of an 80 per cent stock market crash and plunging property values, the invisible trade deficit grew by 19 per cent to \$3.2bn, the bank said.

Political unrest, rising crime, and a deteriorating investment climate in tha first half prompted a surge in capital ouflow, which rose by 44 per cent to \$10.72bn, almost matching the \$10.86bn surplus registered on the current account.

INTERNATIONAL NEWS

Chile shown horrors of the past

Official report details human rights abuses, writes Leslie Crawford

GENERAL Augusto Pinochet's 1973-90 dictatorship in Chile carried out e "systematic policy of extermination" of its opponeots, according to an official report due to be made public last night by President Patricio Aylwin.

The report – compiled in nine months hy a non-partisan committee of eight lawyers and academics – is Mr Aylwin's most important contrihution towards healing the wounds of Chile's bitter human rights legacy.

It is also his boldest initiative. He commissioned the report last April, less than two months after taking office, knowing that it might provoke a military backlash. It is not clear how the Armed Forces, and in particular Gen Pinochet, commander-in-chief of the army, will react to the damning evidence contained in the 19,000-page report.

The human rights commission heard more than 4,000 testimonies in an investigation that spanned the length of the country. It documents the deaths of more than 2,300 people who were executed for political reasons, died under torture, or "disappeared".

There is a special chapter on military and police officers who were killed by left-wing guerrilla groups. They number just less than 100. In addition, the commission includes 600 cases of missing people in which there is no conclusive evidence of the responsibility of state agents.

Allende: overthrown; Aylwin: seeking to heal Chile's human rights wounds; Pinochet: exposed but not accused

The report concludes that the military government's secret police, Dina, carried ont a "systematic policy of extermination" during the height of the repression hetween 1974, when the elected government of President Salvador Allende was overthrown, and 1977.

"There was a centralised policy designed to eliminate certain categories of people who were considered dangerous," says Mr José Zalaquett, a human rights lawyer nominated to the presidential commission. The victims were mainly socialists and communists.

Mr Zalaquett says the commission heard several former secret agents and military officers who wanted to unburden their consciences. "The testimonies were not many, bnt they were significant," he says. Dina was directly responsible to the military junta, and its head, General Manuel Contreras, had breakfast with Gen Pinochet every morning.

However, the report has deliherately excluded the names of those responsible for masterminding and executing the repression. "We were conducting en investigation, not a trial," says Mr Zalaquett.

President Aylwin has said repeatedly that his government will not initiate mass human rights trials. To do so would be to put Chile's year-old democracy at risk. The military who handed over power in March 1990 were not a demoralised or defeated force like their counterparts in Argentina. And Gen Pinochet has warned that while he remains at tbe head of the army not one of his men will be touched.

The judiciary comes under heavy criticism in the report – for failing to accept more than a handful of the 8,700 *habeas corpus* petitions presented hy human rights lawyers, and for washing its hands while military courts were passing down death sentences.

"The judges were not bought, nor cowed, they simply agreed with the dictatorship," says Mr Gustavo Villalobos, a lawyer who worked for the Catholic Church's human rights organisation the Vicarate of Solidarity.

President Aylwin is expected to announce a radical reform of the judiciary to make it more independent and more responsive to human rights.

President Aylwin hopes the report will provide a measure of moral redress for the victims' families. He is expected to announce material reparations. However, Mr Zalaquett believes a national catharsis and President Aylwin's aim of achieving a reconcilietion among Chileans will be more difficult if the Armed Forces remain unrepentant.

Gen Pinochet claims he was fighting a war against communism. The revenge killing by e guerrilla commando on Sunday of a military doctor accused of supervising torture sessions will only serve to strengthen his supporters in that belief.

US to keep 'sizeable' forces in Europe

By Peter Riddell, US Editor, in Washington

SOME of the US troops now deployed in the Gulf will return to bases in Germany because the Bush administration believes a sizeable American military presence in Europe is still desirable.

Mr Brent Scowcroft, the president's national security adviser, said over the weekend that some of the US forces would go back to Europe "simply because we believe that a US physical presence in Europe is important and is a very stabilising influence".

He argued that with Europe in transition, "still finding itself, and with instabilities in parts of Europe and the turmoil in the Soviet Union, this is not the time to decide that there is a completely new era and the US presence can be removed".

There is, however, congressional pressure for a rednction in US forces in Europe. This has been underlined hy a hipartisan report hy a group sponsored hy Johns Hopkins Foreigo Policy Institute. The signatories inclnde Democratic Senator Sam Nunn, chairman of the Armed Services committee, Repnhlican Senator William Cohen, Mr Harold Brown the former Democratic defence secretary and Mr William Simon, the former Republican treasury secretary.

The report argues for a reduction in US forces in Europe from the pre-Gulf war level of 300,000 to less than 100,000. Around 70,000 US troops have been moved from Europe to the Gulf region.

The group endorses a continned central role for Nato on these security issues, though with a greater European say in decisions, possihly with a European supreme allied commander.

Some US combat forces, including tactical air units, a few armoured cavalry regiments, anti-missile weapons, and a small number of nnclear weapons, such as air-to-surface missiles, should remain as a deterrent and a reassurance to European allies. But the main emphasis should be on reinforcement and mohilisation facilities.

Argentina to extend free trade policies through tariff reforms

By John Barham in Buenos Aires

ARGENTINA is to introduce a tariff reform package on April 1, in an extension of its free trade policies.

Mr Domingo Cavallo, economy minister, said a triple-tier tariff structure would replace the present single, 22 per cent tariff, lowering the average tariff to 9 per cent.

Finished goods would continue under the 22 per cent duty, while intermediate and primary products would incur 11 per cent and no duty respectively.

Tax and hureaucratic barriers and specific dnties, levied to protect certain industries, would also be removed.

The government wants to impose market discipline on protected local companies and to control inflation, which increased by about 30 per cent in February.

Mr Cavallo said: "There will be no more selling goods at high prices on the local market and exporting tham at low prices, degrading the incomes of workers."

Last year, foreign trade accounted for 22 per cent of Argentine gross domestic product – with exports of $11.9bn and imports of only $4.01bn.

Protectionism encouraged reliance on domestic sales, and allowed powerful oligopolies and cartels to emerge, Mr Cavallo said, adding that such policies protected industries that employed relatively few workers and produced expensive intermediate goods, raising the cost of final products.

Industrialists protest that a severe recession, high utility prices and heavy taxes make them uncompetitive. Mr Cavallo promised tough anti-dumping legislation and incentives for companies that obey government price guidelines.

The new policy's effects will take time to be felt. Furthermore, low demand, a weak exchange rate and an unstable economy will blunt the effect of foreign competition. However, the depressed car industry will find it hard to compete with imports.

Companies may avoid importing heavily, for fear of alienating their domestic suppliers.

Milken begins detention at work camp

FALLEN junk-bond king Michael Milken, one of Wall Street's most influential figures in the 1980s, has begun serving a 10-year prison sentence for securities fraud at a US government work camp, Reuter reports from San Francisco.

He reported late on Sunday at the minimum-security Camp Parks, a US army post 40 miles south-east of San Francisco, said tha US Bureau of Prisons. Milken, 44, was assigned a bunk bed in one of 21 rooms, each with four inmates.

His prison regime will contrast sharply with the life the high-flying financier was used to, hut it will also be more pleasant than life in an ordinary prison.

He will live in a renovated military barracks and eat his meals in a cafeteria. The huilding has no bars on the windows and doors are not routinely locked.

But Milken will be barred by prison regulations from wearing his toupee.

Under the US system which allows early parole for good hehaviour, the financier – who turned high-paying, high-risk junk bonds into a main tool of the US takeover boom of the 1980s – will probahly serve no more than three years in detention.

OBITUARY: EDWIN LAND

Self-taught inventor of Polaroid instant camera

EDWIN LAND, whose invention of the instant camera made his Polaroid company a household name, died last Friday in hospital at Cambridge, Massachusetts, aged 81.

Land, a largely self-taught scientist, was an inventor with a remarkably fertile mind who hit on the idea of instant photography during a holiday in 1943 when his three-year-old daughter asked why she could not immediately see the photograph he had just taken of her.

Edwin Land: Problem solver

By 1948 the Polaroid company, which Land had founded in the 1930s, had brought out its first Polaroid Land Camera. A succession of more sophisticated models followed and, by the 1960s, the company estimated that as many as half the households in the US had acquired Polaroid cameras.

However, the company ran into problems in the 1970s. It hrought out several sophisticated hut unsuccessful products.

Land himself retired from Polaroid in 1982, aged 73.

Born in May 1909, the son of a Connecticut scrap metal dealer, Land was a clever student but never earned a degree and twice dropped out of Harvard. From an early age he was fascinated by the science of light and initially conducted his own research on the subject in the New York Public Library. He also had the rare ability to transform brilliant technical ideas into commercial successes.

Over the next 40 years he repeatedly fulfilled his assertion that "if you can state a problem – any problem – and it is important enough, then the problem can be solved." He also believed that industry should stimulate science itself, and not be dependent on universities.

M.D.

Sales of new houses fall to eight-year low in US

By Peter Riddell

SALES of new houses in the US dropped 12.3 per cent in January to the lowest level for 8½ years, althongh there appears to have been a pick-up in activity in recent weeks.

The worse-than-expected figures reflect a drop in confidence in Jannary with the start of the Gulf war and the continuing recession.

Sales of new, single-family houses were 408,000 in Jannary, at a seasonally adjusted annual rate, down nearly 35 per cent on a year earlier. This has been reflected in continuing large lay-offs of construction workers.

However, with confidence recovering from its low point and mortgage rates being cut, hoth the National Association of Home Builders and the National Association of Realtors have reported an increase in activity from end-January.

Any recovery in housebuilding may be slow because yesterday's Commerce Department figures show that the number of new unsold homes was 316,000.

This represents 9.3 months supply, the highest level for nearly nine years.

Sudafed recall knocks Wellcome share price

By Nikki Tait in New York

SHARES in Wellcome, the UK pharmaceuticals group and parent of US-based Burroughs Wellcome, fell 16p to 483p in London yesterday, on news that the company is recalling packages of its Sudafed decongestant capsules throughout the US.

The recall of the 12-hour capsules, a widely-used cold remedy, follows reports of two people having died last month, and a third having become ill, from taking capsules laced with cyanide, probably as a result of tampering.

All three individuals lived in Washington state, although they were not related and live in different towns.

Burroughs Wellcome said yesterday that Sudafed capsules were being recalled across the US as a precaution, and that new packages were not being supplied. It did not expect to reverse the decision until an FBI report into the apparent cyanide-lacing is completed.

Burrougbs Wellcome said that annual US sales of Sudafed in a variety of product forms totalled about $109m.

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Baltics poll puts pressure on Gorbachev

By Leyla Boulton in Moscow

LATVIA'S and Estonia's resounding weekend vote in favour of independence puts the issue of Baltic indcpendence firmly back into President Mikhail Gorbachev's camp, despite his insistence that the self-styled polls mean nothing.

Estonia produced a 77.83 per cent majority in favour of restoring the republic's independence. With turnont at 82.86 per cent, this meant support from two-thirds of cligible voters.

A similar Latvian poll showed a 77.10 per cent yes votc in favour of a 'democratic, indcpendent Latvia", with turnout of 88.39 per cent.

These results clearly remove any doubt at bome and abroad that declarations of independence by the republican parliaments have *insufficient* popular backing. Until recently, Mr Gorbachev had claimcd that most people in the Baltic republics really wanted to stay in the Soviet Union.

But a presidential spokesman said yesterday that polls held in all three Baltic republics (Lithuania produced a similar vote last month) would make no difference to Kremlin policy.

Thc spokesman acknowledged that the March 17 referendum on wbether voters want to belong to a "renewed union" had nothing to do with secession, and he pointed out that it was about forging a new relationship between the centre and the republics.

He said that only fresh referendums within the framework of the country's secession law - asking voters point blank "do *you want* to leave the Soviet Union?" - would count.

The prohlem is that the three repuhlics rejcct thc Soviet secession law on the grounds that they were illegally annexed in 1940 and also because thc fine-print of the legislation makes it virtually impossible to leave the Soviet Union.

This means that short of a renewed attempt to use force to put down Baltic nationalism, or the imposition of tough new economic sanctions, there is very little else Mr Gorbachev can do but negotiate - with the advantage of being able to set his own terms and timetable.

Another option would he simply to ignore the Baltics, but this option is also limited given the close links the three republics still bave witb tbe *rest of the country*.

Besides, the president has already set up special commissions to begin discussions with the three repuhlics on a whole range of issues later this month.

The use of economic or military force would not only alienate western opinion hut also further anger many Russian speakers in the Baltics.

The Latvian result was particularly revealing because of the large numbers of non-Latvians who voted for leaving the Soviet Union. Given that only 52 per cent of the population is Latvian, the poll was a protest against thc Communist party and army violence.

"The socialist idea is not very popular around here," said Mr Romualdas Razukas, the Lithuanian who heads the Latvian Popular Front which *spearheaded the pro*-independence campaign.

Although the parliament has so far failed to come up with guarantees of citizenship for non-Latvians, many Russians seemed more worried hy a conservative centre than Latvian nationalism.

The government is proposing that anyone who has lived in Latvia for more than five years, knows a smattering of the language and is prepared to pledge allegiance to Latvia and give up Soviet citizenship. *will be eligible for citizenship.*

A challenge now for the Latvian parliament is to come up with legislation which would underpin its promises of a fair society. This would respond to Communist claims that the Popular Front is in fact harbouring more sinister intentions.

Yugoslav army soldiers look out from their armoured carrier in the town of Pakrac, south-west of Croatia's capital Zagreh, as troops were deployed following a weekend of violent clashes

Croatian leader accuses Serbia of using army for provocation

By Laura Silber in Zagreb and Judy Dempsey in London

THE president of the western Yugoslav republic of Croatia yesterday accused the communist authorities in neighbouring Serbia of using the federal army to provoke unrest and eventually topple his democratically elected government.

Mr Franjo Tudjman was speaking to reporters after a weekend of violence between Croatia'e paramilitary forces and Serh nationalists in the town of Pakrac.

The violence, in which six people were killed and several injured, erupted wben 200 Croat special police units stormed the town. Their excuse was that police officers of Serbian nationality from Pakrac had declared allegiance to Serbs in Kninska Krajina, a region in southern Croatia.

Serbs, who make up 11 per cent of the 4.5m population in Croatia, are demanding autonomy within the repuhlic and last week declared Krajina an autonomous Serbian state, a move which was rejected by Croatia's government.

Yugoslav military units were called in to restore order in Pakrac and Croatia's paramilitary forces have since withdrawn from the region.

"From the very *outset* Bolshevik *hegemonist* forces have been present [in Croatia] trying to stop democracy and restore communism," Mr Tudjman said yesterday.

Mr Tudjman spelt out his belief that the army had lost its impartiality in a letter sent last weekend to the state presidency. He alleged that officers from the Yugoslav People's Army were supporting the Serhian nationalists in Croatia. More than 70 per cent of the officer corps are Serbs.

The army continues to see itself as the guarantor of Yugoslav unity and the guardian of *socialism*, views which are supported by Mr Slobodan Milosevic, the communist president of Serbia.

Mr Milosevic favours the maintenance of the federal system at the expense of greater autonomy for the six republics. Like the army, he believes in the retention of a socialist-style command economy.

To hoost his popularity, whicb is now rapidly fading because of Serbia's serious economic crisis, he has supported calls, and often instigated moves, hy the Serbian minority in Croatia and in other parts of Yugoslavia for autonomy.

Sections of the army have rallied behind *Mr Milosevic*, whose wife, Mrs Mirjana Milosevic, has formed a new communist party and supports a political party founded last year hy army veterans.

Greek veto on EC aid to Turkey

By David Buchan in Brussels

GREECE refused yesterday to succumb to mounting pressure from its EC partners to remove its fivc-year-long hlock on some Ecn600m ($810m) worth of EC aid to Ankara.

Greece's partners are being subjected to lobbying from the Turkish prime minister, Mr Turgut Ozal, who wrote to the leaders of all EC states, bar Greece, last week to express his disappointment with tbe Community's treatment of his country.

"That Turkey sbould be tbe only European and Mediterranean country with which the Community has not strengthened *its contractual relations* [in the wake of the Gulf war] shows clearly the gravity of the situation that bas created a profound malaise in Turkisb pnblic opinion," Mr Ozal wrote.

Turkey was now forced to "wonder ahont tbe Commnnity's will to translate its words into deeds", tbe Turkish leader said said.

Mr Ozal complained that the EC's special Gulf-war related loan to Turkey was paltry given the country's size. He also complained that the EC had failed to improve commercial relations, as the Commission had promised when it effectively rebuffed Turkey's membership move a year ago.

At yestcrday's meeting of EC foreign ministers, the Luxembourg presidency said it would pursue efforts, in conjnnction with the United Nations, to seek a solntion to tbe division of Cyprus and Turkish military occupation of the north of the island.

Mr Antonios Samaras, the *Greek foreign minister*, welcomed such efforts bnt refused to unhlock any EC aid, whose granting needs the unanimity of all EC governments, unless and nntil Turkey made the first concession in Cyprus.

Portugal, wbicb greatly fears competition from Turkish textiles, also indicated it would not welcome any large-scale aid programme to Turkey.

Poles begin to redraw political landscape in run-up to elections

By Christopher Bobinski in Warsaw and Anthony Robinson in London

THE PROSPECT of Poland's first nationwide free elections in May is rapidly transforming the country's political landscape. The old Solidarity alliance has split into its component parts, leading to the emergence of a multi-party structure. Its original labour core is returning to an essentially trade union role under its newly elected leader, Mr Marian Krzaklewski.

The latest development is the creation of a Christian Democrat party, called the Centre Alliance (CA), modelled closely on Germany's ruling Christan Democratic Union (CDU). It is part of Poland's *attempt to create west Europe*an-style institutions, including a functioning multi-party system, in which an important role would be played by a party whicb reflects the strength of Poland's Catholic traditions.

The CA, a centre-right party which claims soma 20,000 members, is led by Mr Jaroslaw Kaczynski, 42, the minister in charge of Mr Lech Walesa's presidential office and one of Poland's most effective politicians. Last year he was a prominent advocate of splitting Solidarity and played an important role in Mr Walesa's successful presidential campaign in the autumn.

Mr Kaczynski's twin hrother, who is also a key aide to President Walesa, last week failed in an attempt to become leader of the Solidarity trade union, and the leadership went instead to the little-known Mr Krzaklewski.

The union voted to put up only a "limited representation" in forthcoming parliamentary elections and the Kaczynski brothers hope that union supporters will vote mainly for the CA. Last week, however, Mr Stanislaw Tyminski, the Polish-Canadian businessman who came from nowhere to taka more than a quarter of the vote in the presidential elections, announced that be too was founding a new party to challenge the post-Solidarity establishment.

Parliament is expected later this week to set May 26 for the elections and announce details of the new electoral law. This will largely govern the composition of the new 460-seat parliament. Mr Walesa wants a first-past-the-post system for half the seats and proportional representation for the rest.

But a majority in parliameot, which is still dominated by deputies connected with the old Communist party, wants 75 per cent of the seats to be filled under a proportional representation system. This would not only favour the post-Communist party, but lead to a plethora of new political parties.

Some fear that this would lead to a fragmented parliament, easily manipulated by Mr Walesa and his advisers.

● A Polish company has clincbed an old-style harter deal with a Soviet enterprise to trade Polish-huilt natural gas tankers for Soviet natural gas. The deal was outside a government-to-government gas purchase agreement being negotiated hetween Warsaw and Moscow.

EUROPE IN BRIEF

Spain holds rates firm at 14.45%

The Bank of Spain has called a halt to the downward drift in Spanish interest rates by holding its official intervention rate to 14.45 per cent at yesterday's auction of certificates of deposit, Peter Bruce reports from Madrid.

The Bank, which three weeks ago shaved 20 basis points off the rate to assist a cut in UK base rates, was expected to move down again yesterday following significant interest rates cuts last Thursday on short and medium-term Treasury paper.

The fact that it did not, reflects continued concern at the Central Bank that Spanish inflation, credit growth and money supply growth remain uncomfortably high.

East German spies imprisoned

A married couple who spied for the former East German communist government were jailed for giving away military secrets, Reuter reports from Düsseldorf.

Judge Klaus Wagner said money and "the illusion they were working for peace" had motivated *Joachim* and Gisela Preuss. He sentenced Joachim to 10 years and his wife to four, but also criticised security at the Cologne air force printing plant where Joachim worked.

EIB lends to Spanish project

The European Investment Bank said it was lending Pta9bn ($100m) to Spain's Compania Espanola de Petroleos for modernisation of the Algeciras oil refinery in the province of Cadiz, AP reports from Luxembourg.

EIB said the 12-year loan would help finance plant upgrading to produce low-lead and unleaded gasoline. An electricity co-generation unit and a petrochemical plant will also be built. EIB lending in Spain for more efficient energy supply is almost Pta82bn.

President to visit China

Bulgarian president, Mr Zhelyu Zhelev, has agreed to visit China and economic ties between the two states are expected to expand, the president's spokesman said, Reuter reports from Sofia.

Zhelyu Zhelev: no obstacles to relations with China

He said Mr Zhelev and Chinese foreign minister, Mr Qian Qichen, who has just ended a visit to Bulgaria, agreed that changes in East Europe were no obstacie to relations between their countries.

Border accord on pollution

Germany and Poland agreed to work together to clean up their polluted border, Reuter reports from Bonn.

German environment minister, Mr Klaus Toepfer and his Polish counterpart, Mr Maciej Nowicki said said after talks in Bonn, that they would set up a joint environmental council and planned a trans-border *national park*.

They said they wanted to negotiate a treaty with Czechoslovakia and the European Community to clean up the Oder river, the German-Polish border river severely polluted by industrial and household waste.

Bonn last week signed a similar accord with Czechoslovakia and the EC to clean up the Elba river.

EC trip to assist E Europe

European Community external relations commissioner, Mr Frans Andriessen, will leave tomorrow for a tour of five east European countries to discuss the EC's role in helping them switch from planned to market economies, Reuter reports from Brussels.

The EC Commission said in a statement that Mr Andriessen would visit Poland, Hungary, Czechoslovakia, Bulgaria and Romania.

Basque leader jailed in Paris

A Paris court jailed a French Basque *separatist* leader and six suspected guerrillas on charges of belonging to a criminal organisation, Reuter reports from Paris.

Court sources said Mr Philippe Bidart, 37-year-old suspected leader of the Basque group Iparretarrak, was jailed for six years.

Late justice for Romanians

Romania's highest court belatedly acquitted 61 workers who were jailed or sent into internal exile for "hooliganism" in the wake of a 1987 anti-communist labour revolt, Reuter reports from Bucharest.

"It is only today that justice was done to you," Supreme Court president, Mr Teofil Pop, told the group after announcing their acquittal.

Belgium bans Peru imports

Belgium banned imports of fish, seafood and some fruit and vegetables from Peru because of a cholera epidemic there that has killed nearly 200 people, Reuter reports from Brussels.

The decision applies to both fresh and frozen products, the Public Health Ministry said in a statement. The EC is studying whether it should restrict meat imports from Peru, the statement said.

EC near stand on Japanese car import quotas

THE European car industry is close to a common stance for negotiations on Japanese imports ahead of the 1992 deadline for a single European market, a senior EC official said on yesterday, Reuter reports from London.

Mr Klans Stoever, of the EC's Directorate General for Competition, said the commission had a complete plan "in its inside pocket" but still had not gained the full support of the industry and member governments.

The EC is proposing a six-year transition from 1992 during which the market share of Japanese carmakers in Europe will be allowed to rise from about nine per cent now to 18 per cent.

Mr Stoever noted that there was broad agreement about these ontlines but said many details still had to be worked out which could affect its final form.

Among the items being discussed were import controls, components and subsidies. Discussions on Japanese imports after 1992 have been stalled for months because of disagreements between European partners.

Mr Jacqoes Calvet, the head of French carmaker Peugeot, would like to see import controls to be extended and has criticised Britain for allowing Japanese carmakars to huild plants on its soil.

All other European carmakars set up a new industry association – spearheaded by Germany's BMW – late last year and signalled they were willing to negotiate.

There is no official date for talks between the EC and the association, nor for negotiations with Japan, but behind-the-scenes activity has taken off, Mr Stoever said.

For now, imports are free in Germany, Belgium, Denmark and the Netherlands, although the German authorities have monitored Japanese imports for the past 10 years.

In Britain imports are "voluntary" but the Japanese are restricted to about 11 per cent of the market. France has set an import quota of three per cent while Italy limits the number of Japanese cars to only 3,300 each year.

Spain, Greece and Portugal do not allow imports of Japanese cars at all.

Earlier at the conference, General Motors of Europe president, Mr Robert Eaton, said Europe would become the automotive battleground of the 1990s as the Japanese manufacturers turned their attention to Europe from North America and the Asia-Pacific regions.

He said Japanese carmakers could gain a 20 per cent European market share by 2000, up from about nine per cent now.

Air New Zealand places Boeing order

By Dal Hayward in Wellington

AIR NEW ZEALAND has placed an order for four new Boeing 767-300 aircraft and one Boeing 747-400 at a total cost of NZ$ 750m. It has also taken up options for a further five Boeing 767-300s and two Boeing 747-400s.

The new aircraft are required as part of Air New Zealand's expansion plan to extend its services throughout the south Pacific and Asia and become the dominant airline in the region by the end of the decade.

Air New Zealand and the Australian flag carrier Qantas are to pool most of their transtasman services from April.

The two airlines carry more than 50 per cent of passengers between Australia and New Zealand and the pooling agreement is expected to make better use of aircraft and reduce the number of empty seats on the route.

The arrangement will enable both airlines to concentrate their Boeing 747-400 jets on their own long-haul routes.

Brittan warns Seoul of EC action

By Andrew Hill in Brussels

SIR Leon Brittan, the European Community's competition commissioner, yesterday made a veiled threat to South Korea that the EC might be forced to take formal action – under its own rules or those of the General Agreement on Tariffs and Trade – if Seoul did not end discrimination against European companies.

In a speech to industrialists in Seoul, Sir Leon also condemned plans hy Halla, the Sonth Korean manufacturing group, to open a shipyard (in Mopko in the sonth west). He warned this would be "an extremely serious and backward step" when international shiphuilders have agreed to limit capacity.

Sir Leon said such a move would aggravate the anti-competitive nature of the Sonth Korean shipbuilding sector unless it was matched hy the closure of equivalent capacity elaewbere. Halla, which has already faced criticism of its plans from international competitors, intends the new yard to replace an existing facility at Inchon.

Sir Leon, who is also the EC commissioner responsible for financial services, said European banks, insurance companies and securities companies had all had difficulties establishing operatious in Sonth Korea.

He hinted tbat if effective market access were denied to European banks, the EC would consider action against Korean counterparts under the terms of its banking directive.

Sir Leon, ending a five-day visit to Japan and Sontb Korea, said non-discrimination was "a crucial condition for the achievement of harmonious trade relations in every sector". He urged Sonth Korea to publish "clear, open rules" on trade.

He also criticised "inadequacies" in the intellectual property rights in South Korea. Sir Leon said: "If we are forced to conclnda that formal action under the Gatt is the only way to achieve fair treatment [on copyright patent protection] we shall act on that basis – but I hope very mnch that it will not come to that."

Labour to pay price for Dutch austerity

Belt-tightening plan could undermine party's support, writes Ronald van de Krol

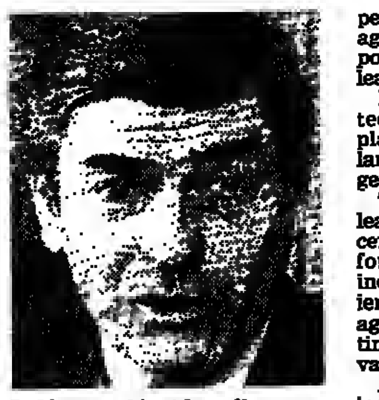
THE Dutch Labour party *looks set to suffer the* electoral consequences of its 16-month-old centre-left coalition with the Christian Democrats of Mr Ruud Luhbers, tbe veteran Dutch prime minister, when voters go to the provincial polls tomorrow.

The problem is an austerity plan designed to reduce tha budget deficit to targets laid down hy the coalition when it took office in 1989. The fact that the finance minister, Mr Wim Kok, is a Labour man does not make it any easier for the party.

The coalition cabinet has haggled for the past month over the main outlines of a four-year cost-cutting package of more than Fl 17bn (£5.1bn).

The austerity plan, which was debated in parliament late last week, is hardly designed to win support for Lahour, which had entered the coalition after 12 years in opposition with hopes of being ahle to raise social spending without endangering hudgetary discipline.

These hopes have heen partly dashed by events heyond Labour's control. Within months of the new government's formation, it became clear that the coalition would need to hold a "mid-term review" to repair the financial damage caused by a rise in European interest rates after German unification and the slight slowdown in the Dutch economy's previous buoyancy.



Lubbers: cabinet haggling

The outcome of this budgetary review in late February was a package of measnres aimed at increasing government revenue by about Fl 4.7bn and cutting government spending by Fl 12.7bn.

Spending on housing, for example, is to be cut by raising rents on government-controlled flats and houses hy 5.5 per cent. As part of the package, the cost of public transport will also be raised by at least 5 per cent.

Major savings are also expected from vaguely-formulated plans to reduce the Netherlands' high state spending on generous disability benefits.

The controversial package leaves intact a chief goal of the centre-left government, at least for the time being – tha incomes of civil servants, recipients of state benefits and old-age pensioners will all continue to rise in step with private-sector wages.

*Labour had staked its partic*ipation in the coalition on this guarantee, and any softening of the government's commitment would have endangered its future.

Still, the government has not yet completely won the battle of the budget. It has already conceded that it may have to find an extra Fl 2.5bn between now and 1994 to reach its deficit target. And it has yet to take hard decisions on some details of the original Fl 17bn package.

One question which remains open is whether public transport prices need to be raised even further. Another controversial issue is whether tax-free allowances should he reduced (or aholished altogether) on income received from share dividends and interest earned on savings accounts.

Kok: carrying Labour's can

The Gulf war, meanwhile – and Dutch contributions to the allied coalition – did not sit well with traditional Labour voters or with a number of Labour politicians in the upper house of parliament.

Although polls show that the Dutch generally supported the war as a necessary evil, Dutch membership of the allied coalition is proving to be a liability rather than an asset to Labour in these elections.

Partly as a resnlt of the drawn-out and contentious "mid-term review", opinion polls now predict that Labour will emerge as the biggest loser in the provincial elections, with many voters abandoning the party in favour of D66, a small left-of-centre party, and "Groen-Links", a coalition of environmental and leftist parties.

The same pattern was evident exactly a year ago when Labour was trounced in local elections: its support fell to 24.8 per cent from 33.4 per cent in the previous municipal elections.

According to one opinion poll, Labour could well see its votes dwindle to 22 per cent in tha provincial elections tomorrow, rivalling the all-time worst showing it suffered in 1982. (In the last provincial elections, held in 1987, Labour recovered to win 35.9 per cent of the vote.)

A loss of this scale would not automatically endanger the future of the government coalition. But it would certainly weaken the influence which Labour ministers, particularly Mr Kok, can expect to wield in future cabinet negotiations.

OECD REPORT

Norway 'achieves low inflation'

NORWAY has at last achieved low inflation and a current account surplus after several years of difficult adjustment following the sharp drop in oil prices in the mid-1980s, according to tbe Organisation for Economic Co-operation and Development, Robert Taylor reports from Stockholm.

In its annual survey of the Norwegian economy, the OECD warns the Oslo government to stick to its long-term strategy of reducing the economy's dependence on oil and expanding mainland industries. Norway's oil dependence is currently increasing, it says. If oil prices returned to pre-Gulf war levels, Norway's current account surplus would probably be wiped out and the impact of falling oil prices on national income "would be even more severe than it was in the mid-1980s".

The OECD praises last October's decision to link the Norwegian kroner to the European currency unit. This "offers the possibility of longer-term stabilisation and efficiency gains for the economy", even though it also means a tougher strategy to keep inflation under control through a firm monetary and fiscal policy.

Norway's rate of inflation, at 4.5 per cent, has "fallen below tbe rates prevailing in most trading partner countries" and compares with a consumer price rise of 10 per cent in the mid-1980s, says the report.

It also praises the return to a small current account surplus because of the upsurge in oil prices. But it says that several years of large deficits have made Norway's net foreign debt twice as high in relation to the country's gross domestic product as five years ago.

The OECD warns that the gains in Norway's international compatitiveness bave done no more than offset the losses "still occurring for some time after the medium-term strategy of rebalancing the economy was adopted" in 1986.

It notes that the Norwegian anthorities have eased their fiscal policy in face of rising unemployment, averaging 5.3 per cent last year. As a result, the central government budget (net of oil-related expenditure and receipts) moved from a broad balance in 1987-88 to a deficit last year, amounting to 7.5 per cent of Norway's mainland gross domestic product.

"A continued rise in public expenditure relative to GDP would be incompatibla with the need to make or leave room for the desired faster expansion of export and import-competing industries."

EC ministers reluctant to give MEPs more power

MOST EC foreign ministers yesterday proved reluctant to give more power to the European Parliament in the cause of rendering EC decision-making more democratic, David Buchan reports from Brussels.

In a ministerial review of political union negotiations, only Germany, Italy, Belgium and, with qnalifications, France were disposed to share the governments' final say on Euro-legislation with the parliament.

Mr Jacques Poos, foreign minister of Lnxembourg, which holds the EC presidency, concluded there was "a clear majority against any npheaval in the allocation of powers among the EC institutions".

President François Mitterrand and Chancellor Helmut Kohl have jointly endorsed moves towards a right of "co-decision" for the parliamant, which at present can be overruled if the Commission does not back its amendments. Germany has separately proposed a scheme to give MEPs an equal say with the Council of Ministers and a right to initiate legislation which, at the moment, lies with the Commission alone.

But Mr Roland Dnmas, French foreign minister, yesterday stretched this Franco-German accord thin by setting ont seven conditions, and warning "we shonld not replace a system not democratic enough with one that is chaotic and unworkable". Britain, with Denmark, was firmest against giving Strasbourg more power, though it joined in general agreement that those nominated by governments as EC commissioners should be approved by a majority of MEPs.

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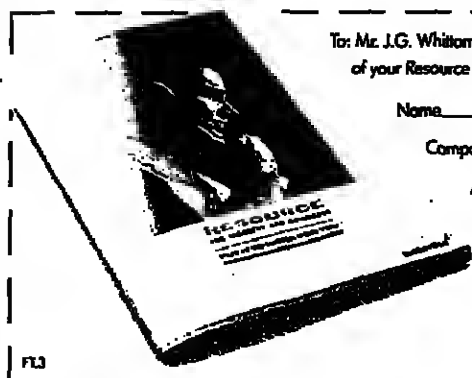

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UK NEWS

THE TORY MANIFESTO

The government, basking in the afterglow of victory in the Gulf and falling interest rates, is determined to be ready for an early general election. To that end, the MPs charged last year with generating new ideas for a fourth Conservative term will this week provide the prime minister with the raw material for his manifesto — the document setting out the policies on which tha government will fight the election. There are dozans of naw ideas - some radical, others designed to appeal to floating voters. Mr Major hopes these ideas will balance a commitment to market economics with a stronger commitment to improve the country'a public services. FT writers examine the options.

ECONOMY

Conservatives to fight election on inflation record

THE decisive battleground for the general election will be the economy. It always is. It will be inflation and mortgage rates, taxation and spending, and unemployment which dominate the campaign, writes Philip Stephens.

The outline of the manifesto is already clear. The Tories will project themselves as the only party with the will to conquer inflation. The pledge to maintain sterling's parity within the European Monetary System (EMS) will be central.

Pledges to provide increased resources for the welfare state will he combined with the more traditional promise to control public spending and to bring down tax rates. Tbe "growth" and the "peace" dividends will square the circle.

Privatisation of the remaining state-owned industries and further efforts efforts to spread individual share ownership will feature prominently in the manifesto. So too will the pledge to reduce the basic rate of tax from the present 25p to 20p.

Close aides insist Mr John Major is as keen as Mrs Margaret Thatcher to shrink the public sector, but more willing to spend money on the services that remain. The implication is now that public spending has fallen to just below 40 per cent of national income, Mr Major will be content to see it stabilised rather than push for further reductions.

His approacb to income tax is similarly nuanced. He has accepted Mrs Thatcher's pledge to reduce the basic rate of tax but it is not s priority .

Ministars predict that tbe tax reforms of a new Tory government led by Mr Major would focus on streamlining tha systems of tax, national insurance and benefits at the *lower end of ths income scale* and on new incentives to promote saving.

Senior Tory MPs believe that as a former treasury and social security minister, Mr Major will be well placed to embark on the integration of the tax and benefit systems needed to eliminate the layers of poverty traps which penalise those on low incomes.

Hard act to follow? Mr Major bopes to focus attention on new ideas rather than Mrs Thatcher's legacy

DEFENCE AND FOREIGN AFFAIRS

Little enthusiasm for playing 'Gulf' card

DEFENCE and foreign affairs offer botb opportunities and risks for the government in its manifesto, writes Ralph Atkins and Philip Stephens.

Mr John Major's pledge not to play the "Gulf" card will not prevent Tory MPs from emphasising one of the government's greatest strengths with the voters — its commitment to a strong defence policy and to tbe preservation of Britain's independent nuclear deterrent.

Most will be less-than-enthusiastic, however, about extending the election debate too far into foreign policy. If the government can claim that its approacb to countries like South Africa has been vindicated, the internal divisions witbin the Tory party over Europe are potentially damaging. As one cabinet minister scknowledges: "It [Europe] is sn issue wbicb don't want aired".

The dehate in the manifesto group on defence policy has been delayed by the Gulf War, but it will reassert familiar pledges to ensure Britain's security while looking forward to a "peace dividend" from tbe end of tbe Cold War.

One lesson being drawn from tbe conflict is tbe need to ensure a flexible and mobile army to respond to unpredictable threats to Britisb interests. The group will stress the commitment to the Nato "bridge" between Europe and the US while accepting the *Alliance has to change*, perhaps with the adoption an "out-of area" role.

There is little dispute about Ministry of Defence's "Options for Change", plans for reductions in troop strengths. Most Tory MPs accept cuts are inevitable, even if there are arguments about wbat areas can be trimmed.

The broad consensus among Tory MPs about defence, however, has not been mirrored on the manifesto gronp charged with the task of shaping the Conservative approach to European integration.

The divisions which prompted Mrs Margaret Thatcber's downfall still threaten the new leader. A strong minority are firmly opposed to any further surrender of "sovereignty".

The section of the manifesto devoted to the Community is therefore expected to be written in Downing Street — with suitably diplomatic language to disguise the cracks.

TRADE AND INDUSTRY

Philosophy of free market likely to remain strong theme

THE STRONG flavonr of market economics which characterised Conservative trade and industry policy in the 1980s is likely to he diluted only slightly in the department'a manifesto submission, writes Ralph Atkins.

The broad themes of the last decade are likely to remain intact – a vigorous promotion of market forces, and an unfettered competition policy with minimal state intervention. In political terms, the Department of Trade and Industry remains among the most Thatcherite of departments.

The sale of the Post Office is expected to be among the manifesto commitments, although privatisation may initially be confined to the parcels and counter services.

The manifesto committee is also keen to increase competition. Backbenchers have pushed for legislation implementing the 1989 "opening markets" policy document on restrictive practices. This recommended tough measures against companies distorting or restricting competition, a move which would bring UK arrangements closer to those of the European Community.

Some concessions to the change of tone under Mr John Major's leadership are expected. While he was chancellor of the exchequer, Mr Major expressed concern at the trade deficit, and asked why more imported goods could not be made in Britain.

In practice, that is likely to mean an alection package emphasising tha strengths of UK industry and the government's commitment to promoting British exports.

LAW AND ORDER

Crime focuses debate between left and right

HOME OFFICE responsibilities offer some of the most visible battlegrounds between the left and right wings of the Tory party, though they are themselves unlikely to be among the most party politically controversial aspects of the election campaign, writes Alison Smith.

Already it has become clear that the manifesto is likely to emphasise the need to improve the quality and efficiency of services from the police, the courts, and the prisons, to bolster tha traditional re-statements of the increases in numbers of policemen and new prisons.

The review group is also being pressed to address immigration through other EC countries. Backbenchers are seeking tough statements on the UK's attitoda towards the effects of abolishing internal EC borders controls at the end of 1992.

A commitment to reform the law on asylum will also be recommended. MPs are concerned that it is presently too difficult to deal with people who enter the UK essentially as economic immigrants.

Home office ministers themselves will recommend extending crime prevention into "criminal prevention" through a programme directed particularly at young people in inner cities. Tha right wing, however, puts more faith in the deterrent of minimum sentences for serious crimes.

The manifesto will also contain a commitment to a further reform of the prison service. Alongside legislation to introduce the offence of prison mntiny could come sentence planning for those facing life imprisonment.

TRANSPORT

Fresh policy on safety and British Rail sell-off

TRANSPORT WAS given less space than the arts in the 1987 Tory manifesto; ministers do not expect that to happen this time, writes *Alison Smith*.

Disasters, such as the King's Cross underground fire in 1988 and tbe train crash at Clapham, have contributed to putting transport higher up the political agenda, while the arrival of Mr Malcolm Rifkind as transport secretary, expressing interest in the environmental and "quality of life" aspects to transport policy, has given the debate fresh impetus.

From the beginning, Mr Rifkind has made it clear that be does not favour an approacb which looks at modes of transport individually, and does not take account of the impact of one on another. With the new absence of party doctrine in this area, it is now permissible to speak in terms of an integrated transport policy.

The accidents, however, mean that underlying tbe transport section of the manifesto will be a clear commitment to travel safety.

Inevitably, the fresh manifesto commitments on transport will be dominated by the privatisation of British Rail.

Final decisions conld yet include the option of setting up a track enthority on which competing services could run. The approach wbicb seems more likely to lie behind the commitment, however, is that of selling parts of the organisation in a piecemeal fashion, tha first candidate of whicb might well be the freight business.

The other "blockbuster," as one minister described it, will be a pledge to deregulate London's buses, bringing it into line with tbe otbers in tbe country.

Depending on the timing of tbe election, tbe manifesto may also have to give the government's view on the Channel Tunnel Rail Link, wbich would provide extra services into London in the late-1990s.

British Rail is expected to decide its preferred route next month.

The review group is also likely to recommend a commitment to build on what the government bas already done to increase the role of the private sector in road provision.

Legislation to enahle privately funded toll roads to be approved under the same procednres as trnnk roads, in addition to the £16bn departmental roads programme, is elready being considered by parliament.

The Standing Advisory Committee on Trunk Road Assessment is due to report in late spring on various techniques of "environmental pricing," for example on the basis of replacement costs.

Road pricing, however, to disconrage the nse of private cars, is off the agenda for the immediate fnture.

ENVIRONMENT

Green is now 'de rigeur'

AFTER prodncing a vast policy document purporting to tackle *green issues from "the street-corner to the stratosphere,"* the Tory manifesto drafters might be tempted to relax on the environment front, writes Ivo Dawnay.

They know they cannot. With the environment often topping education and health as a voters' priority, green credentials are de rigeur for a party's "modern" image.

Most eyes will focus on the poll tax review, but the most radical proposals lie in plans to expand home-ownership with a target to lift owner occupation towards 75 per cent.

The manifesto will propose legislation to extend the pilot "rent-to-buy" scheme for council *tenants – allowing partial* purchase of properties but perhaps the most ambitious thinking is going into the problem of providing cheap start-np homes in rural areas – a highly sensitive issue in the Tory shires.

Attention will also be focused on the countryside, with increased resources for development of Green Belts as recreational areas.

And in a concession *to the* Prince of Wales *and his supporters, if your building plans* are just plain ugly, that may be reason enough to subject them to the planner's red pencil.

HEALTH

No talk of privatisation

THE MOST important manifesto promise concerning the National Health Service (NHS) will be a negative one: a pledge that the reforms now being pnt in place contain no "hidden agenda" to privatise health care, writes Philip Stephens.

Tbe gronp reviewing the NHS has fistiy rejected the ideas from the right to use the internal market in the NHS as the basis of a switch to an insurance-based system.

Few expect the government to win the election argument over the NHS, but ministers bope Mr Thatcber's departure will allow them to persuade more voters that its is NHS is safe in their hands.

The manifesto will foreshadow a acceleration of the trend towards self-government trusts and the establishment of GPs hudgets. "Fundholding" hy both hospitals and doctors is seen as the key to devolving power from the centre and to improving efficiency.

The group favours pushing ahead with the government's "Care in the Community" programme, and other ideas incinde closer targetting of resources on poor inner-city areas as part of a programme to tackle health ineqnality.

EDUCATION

Tories empahsise more choice

PARENT power, greater choice for students and a rigorous reform of teacher training will form the beadlines of the Tories' commitments on education, writes Ivo Dawnay.

The emphasis will be put on raising the status and prestige of vocational as opposed to academic qualifications. But the agenda will also try to boost tbe sluggisb progress in increasing grant maintained and locally-managed schools.

Obligatory balloting on opting out of local government control is still understood to be under consideration. The Tories are also determined to reduce training in education theory in favour of teaching practice.

The manifesto is also expected to recommend that some Polytechnics are granted the full equivalent to University status. That would be a logical next step on from their release from local authority control under the outgoing parliament.

SOCIAL SECURITY

Child benefit to get prominence

PRESERVING Child Benefit as a foundation stone of Conservative policy on social security will feature high in manifesto. But ministers are likely stress the need to improve its targeting as mnch, if not more, than any pledges to increase its value, writes Ralph Atkins.

Possible reforms incinde expanding the strategy of paying extra for first children, perhaps with a one-off capital payment at hirth. Others are tax allowances for the better-off and paying the benefit only *to the poorer families*.

Across the range of benefits for the disabled, elderly, very sick or those caring for frail relatives, the emphasis will be on seeking a balance within a limited budget. That could incinde reform of the Social Fund, which involves giving claimants loans or grants to improve their inordinate administration costs.

SATELLITE BROADCASTING

Bond Corporation sues BSB shareholders

By Raymond Snoddy

THE BOND Corporation of Australia yesterday issued a writ in the London High Court seeking to disenfranchise the shareholders of British Satellite Broadcasting who voted for the merger of BSB and Sky Television.

The Australian company, which was once the largest investor in BSB, is also seeking up to £150m in damages or compensation from the other original BSB investors – Granada, Pearson (publishers of the Financial Times), Reed International, Chargeurs and BSB Holdings, the original holding company.

Mr Peter Lucas, chairman of Bond Corporation, yesterday accused the other BSB shareholders of "plundering" the company and being unfair to the Bond Corporation, which once held 37.5 per cent of BSB shares.

The writ alleges that in agreeing to last November's merger, which created British Sky Broadcasting, the shareholders jeopardised the 15-year IBA franchise in breach of the shareholders' agreement.

The agreement specifies that if any of the shareholders caused the IBA – now the Independent Television Commission – to cancel the contract or decline to renew it, they would lose their voting power and their right to appoint directors.

Before Christmas, the IBA announced that it would terminate the 15-year BSB franchise by December 1992.

Bond is not now trying to separate the merged BSkyB company.

Referring to the unique but now defunct square satellite dishes dveloped by BSB, Mr Lucas said: "BSB has heen very, very cleverly emasculated. Who in their right mind would huy a Squarial now?"

Bond put £10m in equity into the BSB venture and £109m in loan stock – now £140m with interest.

Another reason for the writ was to find out the stake and value of BSB assets used to secure the loan stock.

What, Mr Lucas asked, would happen to the BSB satellites once the merged BSkyB service was broadcast only on the Astra satellite system?

Last year Bond's stake in BSB was diluted to 2.9 per cent and it lost its entitlement to board representation.

BSkyB said yesterday it had not been informed of Bond Corporation's action and had not yet ohtained a copy of the writ.

● BBC Enterprises, the commercial arm of the BBC, has asked the Office of Fair Trading to intervene to prevent a price war in the television listings magazines market.

BBC Enlerprises, publishers of Radio Times, has accused Independent Television Publications, the Reed International subsidiary which publishes the TV Times, of predatory pricing hy selling its magazine at 25p – half price. The BBC says it may reconsider the competitive position of Radio Times which now costs 50p.

The price cutting came in the first week of deregulation of TV listings information under the Broedcasting Act. From March 1 it became possible for the first time for one magazine to publish programme details for all Britain's television channels.

The challengers to Radio Times and TV Times include TV Plus published by Hamfield Publications and What's On TV launched by Reed.

Mr James Arnold-Baker, chief executive of BBC Enterprises told Sir Gordon Borrie, director general of Fair Trading said: "The price-cutting by TV Times frustrated one of the aims of the Broadcasting Act... to make available to consumers the possibility of wider competition in listings magazines."

EC threatens to ban big differentials in car prices

By John Griffiths

THE SYSTEM of selling cars in the European Community exclusively through networks of franchised dealers is likely to be outlawed if new car prices continue to vary widely between individual markets, a senior EC official warned yesterday.

The EC Commission will not be able to renew the motor industry's "block exemption" from normal Community competition rules when it expires in June 1995 "while ignoring the problem of price differentials", Dr Klaus Stöver told the Financial Times Motor Conference in London.

He said: "The centrepiece of the regulation, namely the prohibition on euthorised dealers selling new cars to unauthorised traders, cannot be maintained if the prices of new cars differ greatly."

The motor industry's exemption from EC competition rules – which essentially require manufacturers to supply goods to whoever wants to sell them – was granted on the basis thet motor vehicles are complicated products that require extensive after-sales care.

The present system was vigorously defended by Mr Robert Eaton, president of General Motors Europe. He said cross-border price differentials had been "greatly exaggerated" and emphasised the role of the franchised network in after-sales service. "The need for integration of services witb sales has increased dramatically as motor vehicles have become more technically complex."

Sir Trevor Chinn, chairman and chief executive of the Lex Service vehicles group, also defended the system. Car price differentials could be caused

FT

CONFERENCE

LONDON MOTOR CONFERENCE

by many factors, such as tax and exchange rates, and list prices were in any case an inadequate guide to what consumers actually paid. in general, UK dealers started with higher gross margins but gave larger discounts than Continental counterparts.

Sir Trevor said the lengthening list of dealer bankruptcies in the UK was evidence that overall profitability in the industry was not high.

He said it was unlikely that there would be any move towards "supermarket" selling of cars, with a numher of brands available from a single outlet. Mucb more likely was the development of "auto parks" with a number of dealerships grouped in one area, perhaps sharing facilities such as bodyshops.

The car "supermarket" concept in the US was described hy its founder, Mr Martin Swig, president of the Sen Francisco Autocenter. The centre, in operation since 1983, sells 12 makes of car from the same site.

Mr Swig described initial hostility by manufacturers to the concept, but said they eventually ecquiesced "because I think they all regarded San Francisco as an impossible market tbanks to real-estate costs and unionisation. It was a declining market, so it was us or nothing, and they et least thought multi-franchising was better than nothing."

Manufecturing issues were explored hy Mr Robert Dale, msnaging director of Lucas Automotive, Prof Dan Jones of Cardiff Business School and Mr Philip Wylie, European motor industry analyst with Salomon Brothers International.

Mr Eaton of General Motors also said that Japanese manufecturers are likely to capture 20 per ceot of the West European car market by the end of the decade "and it could be significantly higher".

The prediction is one of the most pessimistic yet made by a European-based producer. Last year Japanese cars accounted for 11.6 per cent of the European market.

BRITAIN IN BRIEF

Woolwich to buy Banque Immobilière

Woolwich, the third largest UK home loans institution, said that it expected to buy Banque Immobilière de Crédit, French mortgage lender, from Midland Bank, one of Britain's largest cleaing banks.

Under the terms of the deal, still to be approved by the Bank of France and the government-backed mortgage credit agency, Crédit Foncier de France, Woolwich will ecquire the fixed assets, staff, computer systems, and other operations of BIMC from Midland.

BIMC's fixed assets and staff will be incorporated in a new French subsidiary of Woolwich which will seek a French domestic banking licence. Midland will liquidate BIMC, but its French subsidiary, Midland Bank SA, will continue to own BIMC's current home loan book.

Canon to open Scots factory

Canon, the Japanese husiness machine and camera company, is to open a 54,000 sq ft factory at Glenrothes, Scotland, in 1993 which will employ 150 people and cost £12m.

The plant will manufacture the lens carriage assembly unit for photocopiers, the component that reads information on a document. It will supply Canon's three photocopier plants in Germany, France and Italy and, ultimately, North America.

Mr Takeshi Mitarai, president and general manager of Canon Europa, said the size of the site - which was welcomed hy the government – reflected the fact that Canon may well expand there in the future.

UK reserves rise by $431m

UK's reserves of foreign currency have been given an unexpected lift by the first of the promised allied payments for the Gulf war.

Treasury figures revealed that foreign currency reserves jumped by an underlying rate of $431m last month after substantial cash injections materialised from two countries not engaged in hostilities, Germany and Denmark. The Treasury said that Germany paid DM400m ($263m) in February and Denmark Kr90m ($15m).

A total of $416m out of a pledged $2.8bn of outside, burden-sharing contributions to the UK war effort has now been made over to the government.

Tax payment in Ecus urged

Businesses should be allowed to pay taxes in Ecus as a way of encouraging a common currency for Europe, according to a report by Britain's Institute of Directors.

The institute, a free-market pressure group, says use of a common currency would reduce transaction costs across Europe – a particular burden for small companies.

Its proposals on tax payments would increase the use of the Ecu in the corporate world and protect husinesses against tax distortions across Europe arising from different inflation rates.

Long-term coal contracts urged

The newly privatised electricity industry will have to sign long-term coal contracts with British Coal in the interests of its shareholders, Mr Neil Clarke, British Coal's new chairman, told the Coal Industry Society in London.

The new chairman dismissed suggestions that National Power and PowerGen, the two generating companies on the point of privatisation, would be able to reduce sharply their dependence on British coal, once their existing coal contracts run out in 1993.

He said they might want to sign contracts with British Coal of varying lengths, with some as long as five years.

Voluntary projects cut

Voluntary organisations throughout Britain are preparing to shed staff and close projects as the sector faces its most severe financial crisis in recent years.

The National Council for Voluntary Organisations is seeking a meeting with Mr Michael Portillo, local government minister, at which it will call for an immediate £30m rescue package to cover cuts in local government funding. It wants the government to establish a £75m annual grant from 1992-93 to help local authorities finance future strategic investments in the voluntary sector.

Shift premiums rise at Horlicks

Smithkline Beecham, food and pharamaceutical group, has introduced new shift patterns at its Horlicks beverage plant in Slough, Berkshire linked to what unions claim is one of the highest shift premiums in the food industry.

The company has introduced a 7-day shift pattern at the plant. In return, basic weekly pay has risen from £163 to £176, and the company has increased the weekly shift premium from £29.90 to £97.

Mr David Turnbull, TGWU district officer, said he believed the shift premium was among the highest in the food industry. He said the agreement would protect earnings while allowing the 100 workers involved more time off.

NatWest offers 7 per cent

National Westminster Bank has offered its 80,000 UK staff a pay increase of 7 per cent in a move that makes an above-inflation rise in earnings likely.

A pay rise is due in April, in which the annual inflation rate is expected by many analysts, including those in the bank's market intelligence department, to fall below 7 per cent. The bank also said it would increase London allowances from April 1. Central London allowances, at £3,450 a year, were already higher than those for the other three large clearing banks.

SIR JOHN HARVEY-JONES HAS ONE OF THE BIGGEST NOSES IN BRITAIN

Like all great businessmen everywhere, Sir John H-J has a real stonker.

We're talking here, of course, about one of Comic Relief's huge building noses, not Sir John's own rather distinctive hooter.

Already on display outside some of the nation's most discriminating buildings, these 'mega-conks', in the words of architecture critic Sir Lenworth Henry RCBE look 'Totally Stonktitious' adding 'you must remember, when it comes to noses – size *is* important.'

The Building Noses are six by six feet and available now to restaurants, pubs, shops, and office buildings for a £1000 donation to Comic Relief. A donation that will of course help with the work of Comic Relief both in Africa and here in the UK. In Burkina Faso, it could for example, buy life-saving measles injections for 1000 children.

If you'd like to help out in a big way and put a smile on the face of your building, Fax Comic Relief on 071-436 1542 and you too can claim to have one of the biggest noses in Britain.

COMIC RELIEF

March 15th is Red Nose Day

Comic Relief is a wholly owned subsidiary of Charity Projects, Registered Charity Number 1967154. For further information please contact 4th Floor, 7 Great Russell Street, London WC1B 3NN.

FT LAW REPORTS

Arbitrators' fee negotiation not improper

K/S NORJARL A/S v HYUNDAI HEAVY INDUSTRIES CO LTD

Court of Appeal (Lord Justice Leggatt, Lord Justice Stuart Smith and Sir Nicolas Browne-Wilkinson, vice-chancellor): February 21 1991

AN ARBITRATOR who, after his appointment, is required to commit bimself to an unexpectedly lengthy hearing beyond his contractual dnties, is entitled to seek to negotiate, thoogb not to insist on, a commitment fee to safeguard his financial position in the event of settlement. But he acts properly if he declines to agree a fee with one party to which the other objects, because to receive payment from one withont the other's consent would probably leave bim open to impntation of bias constituting misconduct and justifying his removal.

The Court of Appeal so beld when dismissing an appeal by tbe defendants, Hyundai Heavy Industries Co Ltd, from Mr Justice Phillips's decision *(FT, November 9 1990)* that Mr Stewart Boyd QC and Mr David Steel QC, were fit and proper persons to act as arbitrator in its dispute with the plaintiff, Norjarl A/S; and dismissing a cross-appeal by Norjarl from the judge's refusal to declare that a fee arrangement between the arbitrators and one party only would not raise any imputation of bias.

LORD JUSTICE LEGGATT said that Hyundai, North Korean shipbuilders, contracted to build a drilling rig for Norjarl, a Norwegian partnership.

Tbe contract contained an arbitration clause by which, in the event of dispute, each party was to appoint one arbitrator, both of wbom were to appoint a third. There was uo provision for arbitrators' fees.

In January 1987 Hyundai appointed Mr Cedric Barclay as its arbitrator and Norjarl appointed Mr Stewart Boyd QC. No reference was made to fees. In May those arbitrators appointed Mr David Steel QC as third arbitrator.

Again tbere was uo mention of fees, but Mr Boyd reported Mr Steel's acceptance as having been on the understanding tbat tbe bearing would take place by May 1989 and last from three to five weeks.

In May 1989 Hyuudai appoiuted Mr John Estes, because Mr Barclay had died. Hyundai's solicitors were Ince & Co, and Norjarl's solicitors were Clifford Chance.

By letter of February 7 1990 Clifford Chance applied to the arbitrators to fix the hearing for 12 weeks from April 28 1992.

Mr Steel for the arbitrators replied that they must consider fees before committing themselves. They were prepared to consider those dates at £2,000 a day for each member, totalling £120,000 each, 10 per cent to be paid on fixing hearing dates, the balance payable in instalments in any event.

Mr Estes remained aloof from the ensuing discussions about fees. Neither Ince & Co nor Clifford Chance was prepared to recommend those conditions to its clients.

Ince & Co had no counter-proposal. Mr Steel and Mr Boyd offered to resign. Clifford Chance made counter-proposals which were not accepted.

Further discussions took place between Clifford Chance and the arbitrators resulting in an agreement in principle that two-thirds of the total bearing fee would accrue in six monthly instalments on a sliding scale. On an assumed daily rate of £1,700 per day for 1992 that would heve involved a total advance of £63,750.

No agreement was concluded. On being apprised by Clifford Chance of those discussions Ince & Co responded that it was not reasonable for a tribunal to expect a commitment fee of the type envisaged.

Mr Steel and Mr Boyd regarded Clifford Chance's proposals as satisfactory, but before accepting them they asked to be assured that Ince & Co had no objection. Ince & Co replied that arrangements of this type were inappropriate when agreed by only one party, having regard to the principle that arbitrators must be seen to be impartial.

Mr Steel wrote that he and Mr Boyd were not prepared to make a binding commitment for three months in 1992 and yet be wholly unsecured for fees. He said that "in the circumstances we have no option but to resign".

Declarations were sought which raised the issues: wbether Norjarl could agree with Mr Steel and Mr Boyd to secure their fees, withont Hyundai's consent; whether tbose arbitrators should be removed for misconduct in having requested payment of a commitment fee; and whether they were fit and proper persons to continue as arbitrators.

Mr Justice Phillips refused declarations under the first two heads, but granted a declaration under the third.

He held that the arbitrators had no contractual or other rights to commitment fees; that they had an obligation to proceed with the reference; and that it constituted misconduct if an arbitrator who had accepted appointment without reservation subsequently insisted on payment of a commitment fee as a condition of continuing to act.

He was satisfied that the commitment the parties were seeking went beyond the arbitrators' duty, and that in those circumstances it was not improper for them to respond with a request for a commitment fee, though neither party was under any obligation to agree to that proposal.

The parties appealed. The arbitrators did not appear and were not represented.

If arbitrators wished to insist on payment of a commitment fee, the proper time to do so was before appointment. After acceptance of appointment, parties were entitled to object to insistence on any particular fee on the ground that it would constitute variation of the arbitration agreement.

By accepting appointment the arbitrators by implication undertook to conduct the arbitration with due diligence and at a reasonable fee.

The commitment subsequently sought by the parties was of such an extent as justified a request by the arbitrators to the parties, to consider payment of a commitment fee and so did not of itself amount to misconduct – still less did it warrant removal.

Because no agreement was concluded by Norjarl to pay fees to its arbitrator or to the third arbitrator, no misconduct had occurred on that account.

But if without the concurrence of Hyundai an agreement were now to be concluded between Norjarl and its arbitrators or the third arbitrator, that would probably constitute misconduct and would at least be undesirable as rendering the arbitrators vulnerable to imputation of bias.

The cross-appeal was therefore dismissed.

Hyundai argued that merely by making the requirements in respect of fees to which they had no prior right, and by persisting in them, the arbitrators had been guilty of misconduct warranting removal.

Any fee on which the arbitrators wished to insist should be made known before acceptance of appointment.

It was not unlawful to stipulate for a commitment fee.

If, because the case was long, protection was required, it should not extend to payment of the entire fees for the hearing before it had started. A modest proportion of the hearing fees should normally suffice to cover the period between settlement and the time by which an arbitrator could reasonably expect to find substitute employment.

In the present case it exceeded the arbitrators' duty to be obliged to fix a 12 week hearing starting on a prescribed date in the future at the behest of the parties, without taking such steps as were open to them to safeguard their financial position. After the arbitrators had accepted their respective appointments there was a long delay before points of claim were served. Only then was it apparent from the prodigious length of the pleading that the pending arbitration had considerably expanded beyond tha understanding of its length given to Mr Steel on his appointment.

It was acknowledged that Mr Steel and Mr Boyd would, if the case were settled , be likely to get work during the remainder of the period set aside for hearing. But in circumstances where they might reasonably be expected to fare less well when merely available to be instructed rather than when safeguarded by a series of booked engagements, it was not unreasonable for them to request a commitment fee.

Their lordships agreed the appeal and cross-appeal should be dismissed but Lord Justice Stuart Smith did not agree that there was sufficient change in the commitment to justify the arbitrators in seeking a commitment fee after appointment. But, he said, even assuming misconduct, he would refuse the release sought by Hyundai in removing the arbitrators because Ince & Co had earlier indicated it did not require their resignation.

For Hyundai: Michael Beloff QC and Timothy Wormington (Ince & Co)

For Norjarl: Jonathan Sumption QC and Mark Howard (Clifford Chance)

Rachel Davies
Barrister

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Whatever else the Gulf war may have achieved, it has cast in stone the premise that the future of US national security is inextricably linked to the commercial viability of American high-technology industries.

Last week, US semiconductor industry leaders arrived in Washington to play "the war card", an ace that they have held in reserve in a decade-long struggle to win favour from the US government.

"We are proud of America's men and women in the Gulf. We are also proud of the role of American technology in this effort, exemplified by the Patriot missile . . . Our industry snpplies the American semiconductors which make these high-technology weapons

Eagle eye

possible," US chip industry leaders said in a letter delivered to President Bush.

The industry's message is hardly new. For the past five years US defence advisers have warned that the US military is becoming increasingly dependent upon foreign suppliers of critical semiconductor devices. Recently, however, events in the Gulf have driven the message home.

"Tha military represents only 8 per cent of demand for our products. It is, therefore, commercial markete which drive development of the technology needed for advanced weapons systems," the chip makers told Bush. "Our competitive edge depends not only on American ingenuity but on openness of foreign markets," the US chip makers said.

"To preserve our ability to make the advanced prodncts required in the future we need a new agreement to open Japan's market to semiconductor trade . . . we also need the current Gatt talks to result in a tariff-free environment for trade in semiconductors and computer parts," the US chip makers added, in a clear reference to European import tariffs.

The timing could not have been better. Just as the US-led allied forces declared victory, the chip makers were ready to claim their share of the credit.

Victory in the Gulf has given the US chip industry its best chance so far to convince Washington to support its case, writes **Louise Kehoe**

The semiconductor's moment of glory

Yet as post-war Middle East concerns take centre stage in Washington, this may prove to be a particularly difficult time to win the attention of Bush's advisers to US competitiveness issues.

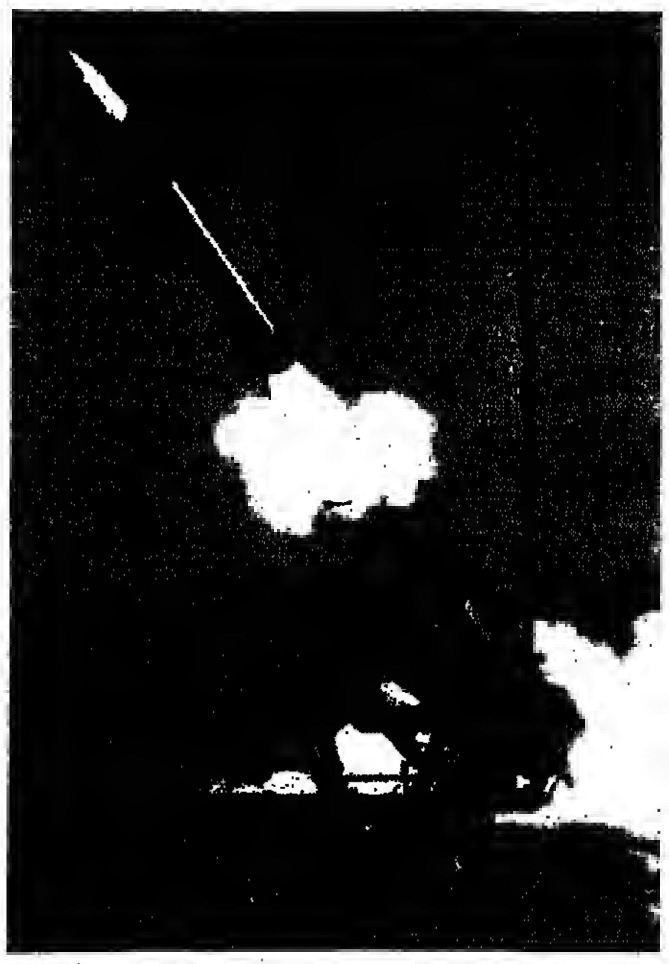
Long-deliberated plans to boost the international competitiveness of US chlp makers went largely unheeded just two weeks ago, in part because the Gulf war dominated the concerns of Washington politicians.

The National Advisory Committee on Semiconductore (NACS) last month issued its second annual report, entitled "Toward a National Semiconductor Strategy". The group of industry executives and academic leaders presented a stark picture of the decline of a strategic industry. "The competitive position of the US semiconductor industry in world markets continned to deteriorate in 1990," Ian Ross, chairman of NACS and president of AT&T's Bell Laboratories warned in yet another letter to Bush.

If the message has finally penetrated the White House that the US chip industry is in trouble and that its decline may have dire consequences for defence as well as for the US economy, NACS has proposed a series of actions designed to reverse the trend.

US allies, who to a large extent are also reliant upon US semiconductor technology as the building blocks for defence electronics, might also take note. "The problems facing the US semiconductor industry are serious and are growing worse," NACS reports. "The future success of US firms will depend, more than ever before, on effective long-range planning, co-operation with suppliers and customers and supportive national policies."

Rather than continuing to bang its head upon the brick wall of White House opposition to "industrial policy", NACS in its second annual report has come up with some politically



The Patriot air defence missile, which earned its stripes in the Gulf, is a source of pride for the US semiconductor industry

neutral proposals.

NACS has focnsed upon creating new high-volume markets for US chip suppliers. "It is [high volume] commercial markets which drive development of the technology needed for advancad weapons systems," the US chip makers point out.

Broadband communications, advanced display technologies and intelligent vehicles and highways were chosen by NACS as emerging high-technology markets with the potential to hreath new energy into the US semiconductor industry.

Plotting the future of Integrated Services Digital Networks (ISDN), the NACS foresees a huge new market for semicondnctor devices. "The introduction of broedhand communications services, most easily realised with optical fihre as the transmisslon medium, will have far-reaching effects on the semiconductor and electronics industries," the committee predicts.

ISDN is a system of data transmission standards, communications protocols and equipment that would greatly expand the capabilities of today's telephone networks to include the ahility to eend video pictures, data, voice and facsimile on a single line. "Advanced display systems constitute a strategic market of great promise for the US semiconductor industry," NACS proposes.

Carefully avoiding any direct reference to High Definition Television – which hecame politically tainted in an earlier industry effort to encourage government funding for research and development – NACS points ont the importance of advanced display technology in the computer industry.

Although Japanese companies currently dominate the market for advanced flat-panel displays, the US has technical strengths – in microprocessors, signal processing software and polymer chemistry – that should allow it to claim a leadership role in this emerging market, the committee points out. The US government should encourage industry consortia and joint ventures to reduce the costs and risks of manufacturing edvanced displays, it recommends.

Intelligent vehicle and highway systems are the third area of technology development highlighted by the NACS report. Such systems, designed to improve the efficiency and safety of entomohiles and highways, represent a major opportunity for the US electronics industry, the committee suggests.

IVHS will allow increasing numhers of vehicles to use roads with fewer accidents, while reducing air pollution and the need for costly new road construction. "IVHS products are in the early stages of development, and there are no worldwide standards of dominant technologies. US mannfacturers conld develop and control significant world share in this market, but they must seize the opportunity quickly.

"The US government should encourage co-operative [industry] efforts to set a national agenda for the development and deployment of IVHS and to promote the co-ordination of private and public efforts," the report proposes.

By identifying major new potential domestic markets for US semiconductor products, NACS has attempted to map an approach to solving the problems of the US semiconductor indnstry withont demanding government subsidies for "an industry at risk" as the committee's first-year report was titled.

The latest NACS report dropped controversial proposals for the formation of an "electronics capital corporation" to provide low-cost funds to US electronics companies. This proposal offended White House opponents of "industrial policy". In attempting to provide a set of apolitical proposals, NACS has this time usurped the role of industrial strategic planners.

Ironically, there is no question that US industry leads in identifying new markets. US competitive weaknesses stem from an inability to exploit those markets because of the high cost of capital in the US.

Solving the real problems of the US semiconductor industry will require a fundamental shift in US industrial policy. If the evidence provided by the Gulf war does not persuade President Busb's economic advisers that the chip industry plays e unique role, nothing will.

So what should the US government do? "They are paralysed in terms of doing anything about lt. Thay ere committed to this theoretical view of free trade – a *laisser-faire* view of the marketplace – which fundamentally means doing nothing," says Charlia Sporck, a veteran of the US semiconductor industry – president of National Semiconductor and a member of NACS – who is about to retire.

"We must *establish an integrated entity in Washington* that focuses on industrial strategy, the industrial health of the netion," he maintains. "This is *the* industry that we cannot afford to let go south. It's so critical. Whatever it takes, we have got to end up with e healthy semiconductor industry."

Nuclear power's difficult rebirth

By David Fishlock

The British electricity generating industry is being prlvatised this week – but not the nuclear reactors with which, in the 1950s, Britain led the world.

Late in 1989 the government removed the reactors from privatisation plans because, when properly costed, their power eppeared so expensive lt could have spelled disaster for the flotation. The government also declared a moratorium on further reactor construction before a review in 1994.

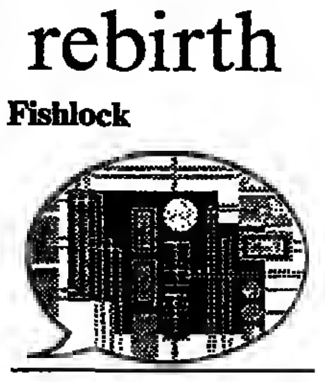
Now, however, the nuclear industry is trying to put it back on the agenda. What will convince the share-buying public though that nuclear power, which still only totals a mere 14.2 per cent of generating capacity in England and Wales, is an economic proposition?

With the costs of re-processing included in the price of nuclear fuel, the resulting electricity costs 30 per cent more to produce than electricity generated from fossil fuels. Worse, before it was hived off nuclear power was estimeted to he absorbing 50 per cent of the Central Electricity Generating Board's *top* management time.

One key reason was tbe ebysmal performance of the British-designed advanced gas-cooled reactor (AGR). In 1965 the AGR technology was selected by a joint committee of experts from the CEGB and the UK Atomic Energy Authority, and declared 10 per cent better than anything the world had to offer. It was 1976 before the first AGRs began to make electricity. Even last year Britain's 14 AGRs generated only half the electricity they were designed to make.

The contrast with Sweden's 12 reactors could not be more stark. Sweden's politicians wanted to get rid of their reactors but said they would close them only if there were no big economic consequences. So far they have found nothing that *makes electricity as cheaply*.

The two new state-owned nuclear utilities, Nuclear Electric and Scottish Nuclear, are eager to build more reactors – although not more AGRs. So eager, that their chairmen have formed a brainstorming cluh with two other etate-owned nuclear bodies, British Nnclear Fuels and the UK



TECHNICALLY SPEAKING

AEA. The aim is to assemble – by next month – a case that will persuade government to let them start building again.

Where did Britain go so badly wrong? The former CEGB selected the AGR, chose its several contractors and approved the many design changes. Its expertise lay with its big design and construction team at Barnwood near Gloncester. This team, when exposed to competitive tenders from industrial consortia for gas-fired power stations in the late-1980s, was shown to be slow and costly.

AGR performance is improving but painfully slowly, and there seems to be a *consensus* that Britain will build no more. Sizewell B, the only big pres-eurised water reactor, will not be finished before 1994 and has been "anglicised" from a US design et a price that suggests it must be the world's most expensive generator of its kind.

The only credible ronte seems to be one pioneered by BNFL in pursuing the possible replacement of its ageing Calder Hall reactors with a new nuclear unit. BNFL is proposing to invite a successful foreign reactor vendor such as ABB Asea Brown Boveri, Framatome, Mitsubishi or Siemens to design and manage construction of a reactor. British industry would be nothing more than a sub-contractor.

Britain'e biggest problem in relaunching e nuclear power *programme may lie* in keeping the dead hand of Barnwood – now largely part of Nuclear Electric – out of the picture. Only then may Britain benefit from the sort of low-cost nuclear power enjoyed hy its trading rivals. But a reactor manufacturing industry of its own now looks out of the question.

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MANAGEMENT: The Growing Business

Image enhancement

PR – an extra string to the corporate bow

By Charles Batchelor

Coys of Kensington, an auctioneer of classic cars, was happy to use the car enthusiasts' glossy magazines to advertise its wares but felt that coverage in the editorial columns of a wider range of publications would add to its credibility.

"We did press releases which were verbose and probably sent to the wrong people," says Jamie Dutton-Forshaw, auctions manager. "We didn't have contacts with the national papers; we were fortunate if we got any coverage."

Faced with tough competition from much larger auction houses, Coys – with sales last year of £30m and a workforce of 15 – needed to do something extra for its image.

It decided to use a professional public relations (PR) company, Business Expansion, a two-person agency based in west London. "We decided to push Coys as a business run by enthusiasts, not just by experts, and to emphasise their showroom which the other auctioneers didn't have," explains Paul Dwyer, founder of Business Expansion.

"We didn't go for the classic car magazinea but for the national newspapers and TV. Wa also targeted the foreign press because many of the buyers are foreign. We arranged early morning photocalls to meet prasa deadlinea and invited journalists to the auctions."

For a basic £30,000 a year retainer and a further £10,000 to cover special events, Dwyer believes his PR campaign has helped keep Coys in the first league of upmarket car auctioneers.

Dutton-Forshaw says be has overcome his initial wariness of PR and that Dwyer has given value for money. He has an advertiaing budget of £250,000, but he describes PR as "an extra atring to our bow".

Dutton-Forshaw was not alone in his suspicions of PR. For an industry which lives by improving the image of its clients PR has a serious image problem of its own. Despite all the protestations of the PR men and women many businesspeopla still regard it as a world of *bons viveurs* bent on ruining their liver at their clients' expanse. The rapid growth of the industry has also led to an influx of people with little experience.

One problem is that anyone can set up a PR business. The Institute of Public Relations maintains a code of professional condnct for its 3,500 members hut membership is not obligatory and no one has been drummed out in recent years, according to John Lavelle, executive director. It will, however, require members joining after January 1992 to sit an exam.

A second difficulty is that while most people have some idea of what advertising involves the more indirect processes of public relations are harder to fathom. The handbooks* define PR as encompassing activities whicb enhance a firm's reputation; increase awareness among customers of the business or its products; or generate a new company image. For most small husinesses PR comes down to establishing good relations with the media.

This can be done by various means: press releases, videos, hriefings, launches, seminars and even the much-maligned business lunch.

Many small businesses, like Coys, start out by doing their own PR – with differing degrees of auccess. Kate Malone, an Islington-based potter, puts together her own promotional packs of slides and photographs to send out to galleries and potential customers. Malone, wbo sells £20,000 wortb of ceramics a year, spends nearly £3,000 promoting herself. Half of this is payment, in kind, to a friendly photographer who takes pictures of ber work.

Apart from its financial cost, PR is also time-consuming, whether you do it yourself or call in a specialist. Malone calculates she spends 10 per cent of her own time on this activity bnt she believes her image is such a personal thing that an outsider could not do it as well.

Malone is able to let the pbotographs speak for themselves without the need for lengthy press releases. Bnt for many businesses the written word is crucial. Colin Moor, a director of Taurus Financial Services, a Hertfordshire-based consultancy, writes his firm's brochure but he has it checked by a professional writer.

"You don't have to be a great writer but you do have to be able to get your message across," says Patrick Gallagher, a partner in Company Solutions, a promotions and publicity consultancy. "Many businesspeople tend just to write about themselves in their press relaases. They don't understand thet editors have to provide news that will interest their readers."

The Institute of Public Relations† will matcb companies witb the most appropriate agencies among its members while the Hollis Press & Public Relations Annnal‡ provides extensive listings.

The initial meeting between the businessperson and the PR agent should be used to discuss the objectives of the campaign. Rocha advises. For while some businesspeople are suspicious of PR, others have an exaggerated idea of what it can achieve. "People's expectations are sometimes very high," says Peter Robinson, managing director of PRPR, a small London-based consultancy specialising in technology companies. "They expact to be in the national papers the next day."

Some businesses count the success of their PR by the column inches of editorial coverage generated but this is a very crude measure. "It is not the inches but tha prominence that is important," says Robinson. For a smaller company which raises finance and sells its products regionally its target market is likely to be local bank managers, accountants and customers.

The most thorough way to assess the impact of PR is to carry out research among the target audience but this can be expensive and few companies are prepared to include this in their PR budget. Paul Dwyer provides a client in the wine trade with a monthly report on media coverage, wine tastings and other avanta where its products have featured.

The husinessperson must also make quite clear from the outset the size of his budget. Take into account that there will be additional costs on top of the PR person's fee which "could amount to more than the fee," warns Martin Roche, a director of Good Relations, a larger PR firm.

A small company may find it makes sense to spend a limited PR budget on buying a small amount of time from a good PR person for in-house advice and training so it can do a better job itself. Limited funds could also be used to stage a single event which has the advantage of giving a concentrated, measurable burst of publicity.

But if the funds are availabla, they should be spent on retaining a PR man for a longer period. This gives him time to get to know the business and to develop a proper campaign.

Fees will depend on the client, tha nature of the campaign and the seniority of the PR person involved. Paul Dwyer estimates he would charge £30,000 for a 12 month campaign; Robinson puts the average cost to his clients at around £1,000 a month; while Roche says Good Ralations, which caters for medium-sized rather than the very small businesses, charges an annual retainer of £15,000 to £50,000 outside London and from £45,000 upwards in the capital.

"PR can give a competitive edge to the smaller firm," says Dwyer. "It can help a small business compete on a more equal basis with a big one."

**Decent Exposure. How to Manage Your Own Publicity. Vincent Yearley, 126 pages, £7.99. Kogan Page. †The Institute of Public Relations, The Old Trading House, 15 Northburgh Street, London EC1V 0PR. Tel 071 253 5151. ‡22nd Edition, 1990-91, 1152 pages, £48. Published by Hollis Directories.*

Jamie Dutton-Forshaw: has overcome his initial wariness of PR

Tony Andrews

Tecs and enterprise agencies

Friendly relations in train

By Charles Batchelor

Britain's local enterprise agencies are forming strong links with the newly created Training and Enterprise Councils (Tecs), according to a survey by Business in the Community, the umbrella organisation for the agencies.

Sixteen of the 82 Tec chairman come from the enterprise agencies while 35 agency directors and 158 agency board members sit on Tec boards. The extent of links between the agencies and the councils was described as "encouraging" in the latest edition of Enterprise World, the agencies' bi-monthly newspaper.

Some peopla involved in small husiness support networks had expressed concern that the Tecs would compete with the agencies which have developed a range of start-up and small business support services over the past decade.

Seventy six per cent of agencies snrveyed said they regarded the arrival of the Tecs as beneficial. Twenty per cent had been "very involved" in the development of their local Tec while 42 per cent had been "partly involved".

Of the agencies surveyed 65 per cent had prepared written recommendations for their local Tec while 80 per cent had made recommendations in meetings. Half of the agencies had sought funding for existing programmes from their local Tec while 45 per cent had sought funds for new programes.

Among individual joint initiatives announced:

- Agcncies in Macclesfield and South Cheshire have been contracted to provide small husiness counselling and business development support to their local Tec.
- Reading Enterprise Agency has been contracted to provide counselling in Berkshire and South Buckinghamshire.
- Calderdale and Kirklees Tec has asked the Halifax agency to act as a referral point to other specialist services in its area.
- Agencies in Somerset are co-operating with a plan by the county's Tec to create five district enterprise centres as "gateways" for business support.
- Hertfordshire Tec is paying local agencies to administer the Small Firms Service (SFS) previously run by the Department of Employment and to provide the SFS freefone advice service.

In brief...

■ A two-day conference entitled Intellectual Property Rigbts in European Collaboration Research and Training will be held in Manchester on April 25-26. The conference, sponsored by the European Commission, is intended particularly for organisations involved in European collaborstive programmes.

Contact EJ Duff, Watch Lane Farm, Moston, Sandbach, Cheshire CW11 9QS. Fax 061 226 5855. Fee £365 + VAT. Simultaneous translation into French and German is planned.

■ Managers in continental Europe are becoming more willing to leave the security of large corporations in favour of the independence of their own husiness, according to a survey by 3i, the venture capital group.

British managers have previously been more willing than their continental counterparts to consider setting up on their own but more than 90 per cent of respondents in France and Germany were also willing to "break out", 3i said. In Italy 85 per cent were prepared to consider sncb a move.

Attitudes to Breaking Out in Europe. Available from 3i, 91 Waterloo Road, London SE1 8XP. Tel 071 928 3131. 20 pages. Free.

■ National Westminster Bank has opened an experimental Business Centre in Swansea Enterprise Park to provide an improved service to the larger small business – with sales of £100,000 to £1m.

The centre, open Monday to Friday from 9am to 5pm, is a pilot for what NatWest hopes will become a nationwide network. Businesses in this size range expect banks to have a greater undarstanding of husiness issues, a more active approach and a closer relationship with their clients, NatWest added.

■ The exporter stumped by a technical term in any of five European foreign languages can turn to the Six Language Business Dictionary. The dictionary contains more than 3,000 terms used in banking, accounting, insurance, shipping and trade in English, French, German, Italian, Portuguese and Spanish.

Each word is listed separately in all six languages with the equivalent term in the other five languages so the dictionary is immediately accessible to native speakers of all six.

Published by Colt Books, 9 Clarendon Road, Cambridge CB2 2BH, with the backing of the Association of British Chambers of Commerce. 640 pages, £25 reduced to £22 plus £2.50 p&p to non-members of chambers if ordered before April 30.

■ The regional expansion of the UK venture capital industry continues with the opening of a new Bristol office by County NatWest Ventures. The Bristol office, headed by Alan Lewis, plans to invest in about 10 businesses in tbe West Country and Sonth Wales.

■ An on-line database of information of interest to small and medium-sized businesses bas been launched by Business Online, a small south London electronic publishing company. The information is free to users but requires them to have a dedicated Prestel viewdata terminal or a computer, modem and Prestel-standard videotext software.

Information for the service has been supplied by organisations such as the Automobile Association, Confederation of British Industry, Department of Trade and Industry and Institute of Chartered Accountants in England and Wales.

Contact Business Online, Suite 224, Bon Marché Building, 444 Brixton Road, London SW9 8EJ. Tel 071 733 7373.

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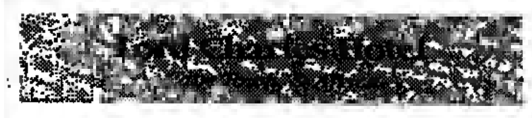

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Peter Gartland

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The virtues of repetition

William Packer visits the Serpentine and Thumb galleries

It is a commonplsce that the painter always ends up painting what is, in essence, the same picture. The only distinction to be drawn is between the painter in whom such repetition is intuitive and unconsidered, and the one who makes it a virtue and s policy.

The three painters now sharing the *Serpentine Gallery* (Kensington Gardens W2: until April 7) are all of this latter sort. Each of them establishes a simple linear structure or grid, which is then never abandoned. This given support defines the imaginative pictorial space, wherein all subsequent painterly action takes place. Rather more than that, all such *action is not* merely introduced, but posititively formed and conditioned by that very structure, having no reality that is apart from it.

Simplest of all, deceptively so, are the paintings of Edwina Leapman. These are monochromatic, usually a cool or warm variant of grey, and consisting entirely of horizontal stripes across the canvas, more or less regular in width and spacing but unruled. Their singularity, both one from another and collectively, is born of the infinitely subtle differences that derive from this seemingly impersonal, even mechsnical method. The hand may wobble a little, the touch easing naturally towards the end or increasing as may be, as the *brush* by degrees loses its load of paint.

These sre undemonstrative and self-effacing works, obviously minimalist yet of a minimalism that helies itself, objects more of contemplation than immediate stimulus. Their secrets need time to declare themselves, and we had best creep up on them, and they on us. And just as with grandmother's footsteps, once the movement and activity is detected out of the corner of the eye, there it is no end tu it. The space deepens, wind ruffles the surface of the water, shadows come and go.

The paintings of James Hugonin arc both more complex in their structure and seductive in their physical surface. He sets up a dense double grid that makes the marks that occupy it tiny in relation to the overall scale, rather as with a stitch of a tapestry. The paint is clean, delicate and translucent, laid on in small single strokes that describe no image, yet set up waves and rhythms of tone and colour that wash across the surface. Such minute sttention to surface at once draws us close in to the work, and yet drives us back. Only then do we begin to comprehend its polychrome, counterpoint complexity.

Hugonin lives and works in Northumberland and has shown too seldom in London. In his titles he sometimes draws on his north-eastern background in a general way, summoning in aid the Lindisfarne Gospels, perhaps, for their minute and delicate particularity, at once particular, that is, and yet unspecific. With another set of paintings he refers directly to +Briggflatts+, the autobiographical poem by Basil Bunting, another Northumbrian. "It is time to consider", he wrote, "how Domenico Scarlatti/ condensed so much music into so few bars/ with never s crabbed turn or congested cadence,/ never a boast or a see-here; and stars and lakes/ echo him . . ./ and the sun rises on an acknowledged land." With Hugonin too, it is exactly so.

The last of this trio, and the best known, is John Virtue. He continues here very much as before, building up each large painting by the simple compilation constituent elements, as they might be bricks or tiles. He is the one figurative artist, working directly from the landscape around his home village in Devon, and always in black and white. These smaller Images, of handy sketch-book size, thus assembled, become an anthology or compendium of whatever Virtue has taken as his immediate theme – the woods, the fields, the village seen across the valley.

By the very nature of the process, these works too invite particular scrutiny, but are clearly meant to be taken at large, becoming generalised and abstracted at a distance, more evocation of experience than actual description. Virtue now tends to reinforce this sense by working across the whole surface, selectively obscuring or simplifying the imagery snd adding looser expressive structure to stand beside the natural architecture of the piece, once thought sufficient.

*

At the Thumb Gallery in Soho (38 Lexington Street W1: until March 29), Sara Rossberg, a prize-winner last year at the BP Portrait Award, is that quaint creature nowadays, a photo-realist, but one who is developing in an interesting way. There is no reason why a painter should not use whatever reference he feels appropriate, the only question being the use he makes of it. And while Miss Rossberg is quite open on the source of her imagery, which retains all the distortions and forced perspectives inherent in the photograph, she is not concerned to to reproduce a merely photographic effect. Indeed her work becomes ever more emphstic in its painterly physicality, the stuff laid on thick and gouged and scoured to establish texture and drawing, veils of varnish shifting and blurring the particular focus.

Her chief interest remains the figure, either in isolation or in close relation, established as a large and looming presence. So far as it goes, it is well done: the drawiogs less so. Whereas the physical demands made by the paintings require extreme and direct commitment in their execution, the drawings, being less demanding, are both more tentative and self-conscious. The effect is to expose their limitations, and the limitations of the reference itself. The first rule of working from the photograph is to have had long experience of the life figure, or there can be no knowledge of what the photograph leaves out. Miss Rossberg's drawing lacks the strength that comes of direct observation. As for the paintings, strong as they are, they would be stronger still, and all physical distortion would be there by choice rather than default.

'Two occupying one Square', 1990, by Sara Rossberg

Jungle of Cities

KAMMERSPIELE, COLOGNE

Bertolt Brecht's *Threepenny Opera* is the most assured crowd puller in the German theatrical repertoire: scarcely a month without a new production (in March, Vienna and Bochum), packed houses swaying to ragtime melancholy every night.

Jungle of Cities is a kind of *Threepenny Opera* without the tunes. It is very early Brecht (1923), but images and characters which in the later work bring Weimar Berlin irresistibly, longingly, to life, are here in embryonic form: pimps, tarts and gangsters afloat in the big city, organised and disorganised violence.

There are echoes in plot – the conflict between Malaysian lumber desler Shlink and Garga, a poor young man, recalls Peachum versus Macheath – but the Cologne staging sets the seal: similarities between this production and Gunter Kramer's electric musical-opera last autumn make it hard to see the piece as anything but a fledgling *Threepenny Opera.*

Menace and excitement, throbbing Brownshirts looking for a putsch, 1920s film stills. This is the fourth Brecht production in Cologne this season, and a distinct and compelling style of Schauspiel "high tech" Brecht is emerging: stylized set with stunning principal motif; discotheque lighting; brisk, clipped movements; perfectly choreographed crowd scenes popping up from nowhere.

In the Kammerspiele, Torsten Fischer's central raised stage marks out battlelines: half the audience sit on each side, facing one another through the action. At surface level, the bare planks are Shlink's Chinese laundry. Smoke frothes from the boards, white-coated Chinamen pile up linen at fast-forward speed.

But scene-by-scene, the planks are kicked open from beneath to reveal the subterranean Brecht heartland. Below the stage, the Chinese hotel where the prostitute Jane (Franziska Ponitz) is entwined with s snake and suspended from the beams as in a hammock. Illuminated green, the underworld becomes a coal depot. Hsnds belonging to invisible bodies mechanically rise, fall, exchange clumps of coal in rhythm to Shlink's seduction of Garga's sister Marie (Almut Zilcher) on the laundry floor in a blaze of pink floodlights. Later, she wrenches up half a dozen planks and jumps into a five-foot pool of water, followed by a horde of coal-smeared panting miners.

Light and dark, purity and besmirching, Shlink blackmailing Garga. Walter Stickan's Garga, initially a naif in a lending library, is a cross between Orwell's Gordon Comstock and the Freddie of *My Fair Lady* who descends with aplomb into lustful vengeance. Martin Reinke, Kramer's Mac the Knife, recreates the role as Shlink with an added sadistic dash: shaved head, dark glasses, coolly careless of himself but fighting to the death. Romance just breathes between the two when they quote Rimbaud and finger each others' discarded clothing.

In parallel, another youthful fantasy – the American Dream. Written in defeated, claustrophobic Germany, Brecht's lyric "Hallo we want to speak with Americs" informs the piece. The setting is imaginary Chicago, Garga's family come from the savannah and he longs for the prairies. Here dollars (alias the inflationary Mark) fly across the stage as if on wings, paying off gangsters, bribing businessmen.

It's s clever, seductive vision of corruption above and below board. Torsten Fischer's images remain in the mind as refrains from Brecht's songs stay on the brain. The problem – and it's a fault of the play before the production – is that even on stage they are never more than images. Bitter rather than bitter-sweet, unrelieved by jazz or joke: where is the human element to warm Brecht's symbols up into characters who inspire pity or terror? Without it, all credit to a snazzy prodnction, but this piece remains of historical interest, a must for Brecht collectors but hardly live theatre.

Jackie Wullschlager

Brezhnev's Children

ICA THEATRE

The Russisn writer Julia Voznesenskaya is flsvour of the month in the Mall. Compare snd contrast this treatment of her novel *The Women's Decameron* with *Flying Ashes*, devised by a different company from her collection of women prisoners' letters, and you gain an interesting insight into a small corner of English performance history.

Where *Flying Ashes* was charged with the rather arch abstraction of the present-day svant garde, *Brezhnev's Children* is a product of the workshopping techniques of the 1970s. Where *Flying Ashes* was dreamily centred on the congruence of design, sound and performance, this show is robustly rooted in ensemble acting, with a functional set and a conventionally evocative backing soundtrack of Russian music sacred and secular.

Scripted by Olwen Wymark from a series of workshops with drama students, *Brezhnev's Children* tells the stories of a group of women held in quarantine in a Soviet maternity hospital as a result of medical bureaucracy over an undiagnosed rash. Their babies are wheeled in for feeding six times a day, but rather than focusing on these swsddled scraps the emphasis is on how their mothers came by them.

One by one the seven mothers disburden themselves of case studies of Russian womanhood: rape, prostitution, political imprisonment figure large; abortions come in multiples and single parents are the norm. Crowding forward from their hospital beds they recreate their pasts with help from the three men in the cast, who double as female doctors and nurses in Chattie Salaman's energetic production.

The story-telling is proficient and occasionally, as in a bizarre incident of rape foiled by a flyaway mitten, hilarious. However, the overall structure is not strong enough to keep the politics from becoming naive and predictable.

There is, for instance, a half-hearted attempt to portray the enemy within through an aloof and bossy party official, who keeps mysterious appointments with the hospital staff. However, even she turns out to be a sister under the skin, allowing the overt message that not all bureaucrats are bad to be sentimentalised into a cosy affirmation of solidarity against the system. Nella Marin – first po-faced, then feverishly jolly – conforms perfectly to the pattern; as, in their various ways, do her fellow actors.

The point that the system is changing is made merely as a footnote. As the women seize their babies and storm off the ward, it is announced that Gorbachev has become Soviet leader. Politically, as artistically, *Brezhnev's Children* harks back to old techniques and structures where *Flying Ashes*, in its embrace of the new, could be accused of sacrificing politics to aesthetics.

Alastair Muir

Susanna Hamnett and Jonathan Coyne

Claire Armitstead

Billy Budd

FREIBURG CITY THEATRE

It had to happen eventually: *Billy Budd* on dry land. No-one holds sn interpretative copyright on Britten (despite what some self-appointed guardians of of the composer's memory seem to think), and the German theatre can be guaranteed to stamp its own unmistakable imprint on everything. But this production just didn't add up.

The set was a bare steel sloping platform, occasionally subdivided to create the effect of separate ramparts, and constantly overlooked by s giant teutonic eagle. Thanks to the stage turntable, there was ample insight into the cramped underworld "below decks". But this was not a nautical *Billy Budd*. The stage in tha prologue and epilogue was littered with battlefield corpses. The conscripts were squaddies in 20th century army uniform, brandishing machine-guns and protected by sand-bags. The officars, resplendent in Napoleonic wigs and trench-coats, donned gas-masks for battle.

The producer, Paul Flieder, explained in the Freiburg theatre magazine that H.M.S Indomitable should be seen as a symbol for planet earth and the destiny that none of us can escape. A plausible theory for the drawing-board, perhaps; but *Budd* happens to be the kind of opera whoss whole stmosphsre and allegory are firmly rooted in its naval context, however abstract that may be represented on stage. The musical and verbal references are those of sea-mist and swell, Spithead and Finisterre – there's no use trying to pretend otherwise.

This production was pre-occupied with land-battle and 20th century militarism. It portrayed Billy as head-strong, temperamental, violent – hardly the counterpoint to Claggart that Britten intended. Vere was a weak, insecure character, crawling on the floor in front of his men and shirking all moral responsibility. Like so much postwar German music-theatre, *Billy Budd* became just another parable of man's depravity.

There could be no more severe test of Britten's score than such a wrong-footed, wrong-headed staging. But the music repeatedly overcame the production's visual shortcomings, thanks to Britten's powers of narrative description, his dramatic tone-painting and – on this evidence – consistency of inspiration. Donald Runnicles, conducting his second Britten opera within a year in Freiburg, showed how vividly expressive this score can be – not just its sombre melancholy and tensile strings, but the bracing energy of Billy's opening scene, the racy exuberance of the sea-shanty music, the brilliance of the martial fanfares and crescendos, the violence of the chords accompanying *Claggart's* first monologue. The Freiburg orchestra and chorus had been superbly drilled.

The cast, singing in German, slso gsve creditable performances, though neither Stephan Drakulich's puny Vere nor Markku Tervo's taciturn Claggart created much sense of personality. But Petteri Salomaa's Billy was excellent. With his muscular frame and easy smile, he was a natural champion, capabls of arousing jealousy as well as devotion. He sings with a beautifully-produced lyric baritone in the Thomas Allen mould – a rare species in Germany, where young baritones are invariably taught to apa the Prey and Fischer-Dieskau school of voice production.

Andrew Clark

David Mattinson

WIGMORE HALL

This young bass-baritone has won the 1990 BP Peter Pears Award, and on Sunday he duly gave a Wigmore recital with the pianist Clare Toomer, his wife. Besides his musicianly partner, Mattinson can boast a voice of rich gravity and enormously sppealing character in the middle and lower-middle ranges, intelligent phrasing, correct German for *Lieder*, goodish French except for strangulated vowels in the upper reaches, but indifferent English.

On the evidence of this recital, that seemed too little to be going on with. Only a week or two ago I heard the latter half of a broadcast recital by Mattinson, and was impressed. There's no doubt that in the right individual songs his particular gifts can make a lovely effect. But for the first half of his Wigmore recital he chose *moderato* Schubert, slow Brahms, and deep, black Wolf (the Michelangelo *Lieder*): a choice that could only have been brought off by the closest attention to the individual stamp of each song, and it wasn't.

In fsct they sounded much of an ever-less-distinguishable muchness. Mattinson was always tactful, generous of tone in his best range, dubious with semitone-differences lower down, tight – even strident – at the top, and recklessly non-urgent about almost everything. That a song needs dramatic pacing, +especially+ if it's a grave vision of despair or salvation, seemed never to have struck him; nor his accompanist, who dwelt over several little piano-interludes as if there were no tomorrow, the song having nowhere definite to go. Mattinson needs a more contrary pianist to kick him forward, to insist on a shape for each song and ensure that his most attractive vein doesn't decline into a soft, oleaginous mooing.

If those are harsh words, they are kindly meant. The Mattinson voice at its best has a communicative promise that needs – and surely deserves – to be rounded out by tougher musico-dramatic muscle. He concluded with Debussy's three late songs after François Villon, which are serious tests, and those essays showed more adventurous flexibility: simple, un-guyed piety in the doubting poet's "prayer" on behalf of his old mother, and s decently lively flair for his near-scabrous "Ballade des femmes de Paris", with bright support from Ms Toomer. Nonetheless, Mattinson still owes us much sharper silhouettes for his songs.

David Murray

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Anton Karsjes conducts Netherlands Philharmonic Orchestra in Waganaar's overture Amphitrion and Franck's Symphony in D, with Emmy Verhey soloist in Bruch'a Violin Concerto. Repeated tomorrow (6718 345)

BARCELONA

Gran Teatre del Liceu 21.00 Last performance of Vicenta Martin y Solar'a opera Una cosa rara conducted by Jordi Savall. Sat and Sun: Dietrich Fischer-Dieskau alngs Mahlar's Kindartotenliedar (412 1466)

BERLIN

DANCE

Deutsche Oper 19.30 Bejart's Firabird, Balanchina's Apollo and Roland Petit's Carmen (3410 249)

MUSIC

Komische Oper 20.00 Hartmut Haänchen conducts Harry Kupfar'a production of Orfeo ed Eurydice, sung in German with Jochan Kowalski as Orphaus. Sat: Cav and Pag. Sun: Idomaneo (2292 555)

Philharmonie Kammermusiksaal 20.00 Friedrich Gulda is conductor and sololst with Berlin Philharmonic Orchestra in piano concertos by Mozart and Gulda (2614 383)

THEATRE

Berliner Ensemble 19.00 Villa Jugand, naw play by Gaorg Seidl! Tomorrow: Galileo Galilal. Fri: Baal (2827 712)

Scheubühne 19.30 Pater Stein'a production of Tha Charry Orcherd, also Sat and Sun (890023)

Volksbühne 20.00 Molière'a Le Malade Imaginaire (2082 748)

COLOGNE

Philharmonie 20.00 Paavo Barglund conducts Gurzenich Orchestra in Stravinsky, Mozart and Sibalius. Thura: Dresdan Philharmonic plays Mozart, Weber and Brahms (2801)

Schauspielhaus 19.30 Turkish National Theatre from Istanbul prasent a play by Aziz Nesin (221 8400)

Kammerspiele 20.00 Brecht's In the Jungla of Cities, also tomorrow, Fri and Sat (221 8400)

LEIPZIG

Gewandhaus 20.00 Peter Schreiar sings Heinrich Sutermeiater's Consolatio Philosophiae with Leipzig Radio Symphony Orchestra, also Mozart and Sibelius (7132 252)

LONDON

MUSIC

Covent Garden 19.30 Jacques Delacote conducts Elijah Moshinsky'a production of Samson et Dalila, with Jose Carraras and Agnes Baltsa. Fri: tha title roles are takan ovar by Michael Sylvester and Claire Powell. Thurs and Sat: Dia Zauberflöta (240 1066)

Royal Festival Hall 19.30 Charles Dutoit conducts London Philharmonic in Ravel's Mother Goose and Elgar's Enigma Variations, with Matt Haimovitz soloist in Haydn's Cello Concerto in C. Tomorrow: Norman dal Mar conducta tha RPO (928 8800)

Queen Elizabeth Hall 19.45 Carmina Quartat with Michael Collina, clarinat, play Haydn, Dabussy and Mozart (928 8800)

Barbican Centre 19.45 Mark Wigglesworth conducts BBC Symphony Orchestra in world premiare of Dominic Muldownsy's Three Pieces for Orchestre, plus Britten and Shostekovich. Tomorrow: Royal Gala Concert with English Sinfonia (638 8891)

THEATRE

This weak'a showa include Patar Hall'a production of Shakespeara's Twelfth Night (Playhousa), Silly Cow, Ben Elton's naw play about a gossip columnist (Haymarket), Theatre da Complicita's production of Durrenmatt's The Visit (Netional), Steve Berkoff's adaptation of Kafka'a The Trial with a cast led by Anthony Shar (National), Joe Orton's classic black comady What the Butler Saw (Wyndham's), Andrew Lloyd Webber's latest musical Aspects of Lova (Prince of Walee) and a revival of the classic musical The King and I starring Susan Hampshire (Sadler's Walls). Phone Theatreline: Plays 0836 430959 Musicals 0836 430960 Comadles 0836 430961 Thrillers 0836 430962

MILAN

Teatro alla Scala 20.00 Riccardo Muti conducts Luca Ronconi's new production of Cherubini's Lodoiska, with a cast lad by Mariella Devla and William Shimsll, also Thurs and Sat. Tomorrow, Fri end Sun: Lorin Maazal conducts La Fanciulla dal West (7200 3744)

MUNICH

Staatsoper 19.00 Ermenno Mauro sings title tola in Otello, with Piero Capuccilli as Iago and Sharon Swaal as Desdemona, also Fri (221318)

NEW YORK

MUSIC

Avary Fisher Hall 20.00 Franz Welsar-Möst conducts Naw York Philharmonic Orchestra in Franz Schmidt's Fourth Symphony, with Elisabath Leonskaja soloist in Mozart's Piano Concerto in D K466. Thurs, Fri and Sat: Klaus Tannstedt has cancallsd his scheduled Philharmonic concerts due to illnass. Tha concerts will instead be conducted by Christopher Keena (874 2424)

Metropolitan Opera 20.00 Luciano Pavarotti stars in Luisa Miller conducted by Nello Ssnti. Tomorrow: Der Rosenkavalier (362 6000)

DANCE

New York State Theater 19.30 Joffrsy Ballet season till March 17 (870 5570)

THEATRE

This waek's shows include Henry IV Parts 1 and 2 directed by JoAnna Akalaitis (Public), the comedian Jackie Msson's one-man show (Nail Simon), Mule Bone, a play with music, written in the 1930s during the Harlem Rsnaisssnca, with a cast rapresenting tha cream of black theatra over tha past 20 years (Ethel Barrymore), and Larry Gelbart's City of Angels, musical satira about Hollywood in the 1940s (Virginia). Ticketron (246 0102) answera inquirias and salla tickats

PARIS

DANCE

Palais Garnier 19.30 Nederlands Dans Theater opens two-week Paris saason with Kaguyahime, ballet by Jiri Kylian with music by Maki Ishii (4742 5371)

MUSIC

Théâtra des Champs-Elysées *20.30* Alban Berg Quartat plays string quartets by Mozart and Bartok (4720 3637)

Salle Pleyel 20.30 Mozart recital by Alfrad Brendal (4561 0630)

THEATRE

Comédie Française 20.30 Moliera's La Mare coupable, also Sun. Tomorrow and Sat: Le Barbiar da Savilla (4366 4360)

Théâtre de la Ville 20.30 Matthias Langhoff's naw production of Tha Duchass of Malfi, runs till April 13 (4274 2277)

Théâtre des Amandiers, Nanterra 21.00 First night of new production of Hedda Gabler directed by Alain Francon, runs till March 24. Also at 21.00 in the Salle Polyvalente: Waiting for Godot, runs till March 17 (4721 1881)

PRAGUE

Smetana Theatre 19.00 Don Giovanni, also tomorrow

Smetana Hall 19.30 Libor Pesak conducts Prague Symphony Orchestra in a programma of Martinu, Raval and Barnstain, with Christina Ortiz soloist in Ravel's Piano Concerto In G. Rapeated tomorrow (232 8292)

ROME

Teatro dell'Opera 20.00 Gustav Kuhn conducts Luca Ronconi'a production of Don Giovanni, with Ruggaro Raimondi in titla rola. Also Thurs (463641)

VIENNA

Staatsoper 18.30 Tha Bartered Bride, with Gunnal Bohman, Josel Protschka and Hainz Zednik. Fri: Giuseppa Taddei aings Falataff. *Sat: Cosi fan tutte (51444 2960)*

Volksoper 9.00 Don Giovanni aung in Garman (51444 3318)

Ruprechtskirche 19.30 Sacred chamber muaic by Michaal and Joseph Haydn, C.P.E Bach and othars, with tha Wiener Vokalansamble (505 8190)

Konzerthaus 19.30 Thomas Zahetmair and Harbert Tachezi play violin sonatas by Mozart (7124 6860)

Burgtheater 19.00 Klaist'e Tha Brokan Jug, also Thurs. Fri: Ibsan'a An Enamy of tha People (51444 2218)

ZURICH

Opernhaus 19.30 Edita Gruharova stars in Giancarlo dal Monaco'a production of La Filla du Regiment, also Sat. Wed and Sun: Elaktra (251 0909)

Tonhalle 20.15 Recital by tha Soviet pianist Vladimir Krainiev, with music by Chopin, Scriabin and Prokofiev. Thurs: Nikolaus Harnoncourt conducts Vienna Symphony Orchestra in all-Mozart programme (201 1580)

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A new start for Kuwait

LIBERATED Knwait has got off to a shaky start. The vacunm of authority created by the rout of the Iraqi administration has been filled far too slowly. Members of the ruling al Sabah family have failed to provide a lead.

The Crown Prince, the chief martial law administrator, only arrived yesterday in Knwait City. In the meantime, law and order has been ragged precisely when it should have been most vigorously policed.

As a result groups of armed youths have taken to the streets hunting down collaborators. Such a vengeful spectacle provides a sobering note to the euphoria of liberation and is a reminder that restoring normality in a society traumatised by six months of brutal Iraqi occupation is going to be complex and painful.

The sheer scale and vindictiveness of the destruction wrought by the Iraqis in the final days before their defeat was appalling. Even allowing for the vicious nature of the Saddam regime, no-one predicted the mass arrests and deportation of hundreds, even thousands, of Kuwaiti hostages into Iraq. This has inflamed passions and allowed the witch-hunt against collaborators, mainly Palestinians, to acquire an unfortunate stamp of popular justice.

The Kuwaitis anticipated a looted city with a damaged oil industry. But instead, they are taking over a ravaged shell of a capital which may face serious pollution from oil fires as the humid climate turns hot and windless in the summer months. It could take five years to put out the flames and restore the oil industry's productive capacity. This has understandably unnerved the confidence of a state which has survived on oil money and latterly on the income from its invested oil surpluses. Previously, Kuwait's foreign policy was based upon a form of danegeld, paying off enemies and sweetening friends with the fruits of its natural oil hounty.

International support

Yet Kuwait clearly deserves sympathy and Knwaitis can count on a groundswell of international support for the reconstruction of their country. Furthermore, out of this common suffering could well be forged a sense of Kuwaiti history and identity which this city state has never had and which it has always needed.

The biggest question mark hangs over the conduct of the al Sabah family. No one denies the historic role of the al Sabahs in moulding Kuwait; hut restored monarchs throughout history have needed to work hard to claw back their full legitimacy; it is by no means certain that Kuwait's ruling family will achieve this. The al Sabahs must resume their rule very much as puppets of the allied forces who ensured their return. And public opinion in the west is sensitive to the idea of allied lives being shed in the Gulf conflict, inter alia, to restore one of the world's richest families to rule a city state whose infant democratic institutions have been suspended since 1986.

Inside pressure

The pressure to open up the political system will come also from inside. A vocal opposition movement agreed to be loyal throughout the conflict, but on the understanding that they would have some say in the reconstruction. There is also a debate pending over responsibilities for allowing Iraq to reach the stage where it was able to invade the country unopposed.

But any return to the democratic path will be viewed with suspicion by Saudi Arabia and the other Gulf states. And at home, talk of a more democratic society touches the ever-sensitive issue of Kuwaiti citizenship. The restricted nature of citizenship, combined with rapid economic development, has meant that there are six foreign nationals for every four Kuwaitis.

Today's circumstances must be judged an opportunity, for Kuwaitis to come to terms with the foreigners who provide the vital services that make the state work; long-term foreign residents must be given the opportunity to acquire citizenship. The only alternative for Kuwait is a model of economic development and society which strives to manage without substantial numbers of foreign workers and that is not likely.

A future for British coal

UNLIKE THE poll tax "flagship", privatisation remains a potent vessel in the government's line of hattle. But this ship of war has few targets left afloat. Of the major nationalised industries, only British Rail, the Post Office and British Coal remain untouched by its cannon. All three are candidates for privatisation. But the case for privatising coal is the strongest.

British Coal is not a natural monopoly. It is subject to competition from other sources of energy, such as nuclear, gas and oil, and other sources of coal, such as Australia, Poland, South Africa and the US. In consequence, none of the regulatory difficulties attendant upon the privatisation of natural monopolies, like water supply, or quasi-monopolies, like telecommunications and electricity generation, need arise in the case of coal.

What monopoly power British Coal possesses has been the result of government policy. It has been protected from competition by obligations imposed upon the electricity generating industry, which was required not only to rely on British coal but to pay artificially inflated prices for it.

As expected, the privatisation of electricity generation, which absorbs 80 per cent of the output of British Coal, has made these obligations untenable. National Power and PowerGen, the two generating companies, are planning to shift to cheaper gas, partly because of environmental concerns, and to coal imports. After expiry of their present contracts in 1993, these shifts might lead them to halve their purchases from British Coal.

Big adjustment

For British Coal this would add injury to insult. Between 1984 and 1990 employment in coal production fell by two-thirds, to under 100,000, even though output fell by only 11 per cent. That might seem a dramatic enough adjustment for any industry. But if the coal industry were to lose its protection, further dramatic contraction, this time of output as well, would ensue.

The government finds itself in a dilemma. Privatisation of electricity is the obvious occasion for privatising British Coal. Yet it would hardly make sense to privatise coal only to subsidise it and, without either protection or subsidies, the further contraction of British Coal would be painful.

The government should be bold. If British Coal were to contract further, following privatisation, so be it. Contraction to economic size would be desirable, whether or not the industry were to remain in public hands. Furthermore, the significance of any further decline in employment is now modest, simply because the industry has already contracted so far.

Security arguments

The cnstomary security arguments against such a radically commercial approach are not compelling. British Coal has in the past been more a source of national insecurity than of security. Reliance npon a range of energy sources, including British and imported coal, natural gas, oil and even some nuclear power is unlikely to prove riskier than heavy reliance on British Coal. The only potent argument for subsidising British coal is that nuclear power is heavily subsidised too. The correct conclusion is to subsidise neither, except perhaps for their research capacities.

The important question is not whether to privatise, hut how. If the generating industry had been broken up further, as it should have been, it would be easier to break British Coal up as well. As it is, there is something in the argument that the coal industry should possess countervailing power in the face of the generating duopoly. But there is not that much to it, since prices of imports and of alternative fuels provide a ready benchmark. The right solution is likely to be the division of British Coal, but not into many pieces. If free competition from imports and alternative fuels were permitted, British Coal could even be left in one piece.

Government should not shirk from the logical conclusion of its policies. Privatising coal goes naturally with the privatisation of the electricity supply industry. King Coal is already much diminished. It is time for it to lose its public sector throne.

London's stock exchange is being radically overhauled in an effort to preserve its pivotal international status. **Richard Waters** reports

Unbundling the City's top club

Little more than a year ago, a bright, pushy 38-year-old was given the job of reshaping an institution at the heart of the City establishment: the International Stock Exchange.

Mr Peter Rawlins was a newcomer to the securities industry when he became the ISE's chief executive, charged with making it more responsive to changes in the securities industry. With a restless iconoclasm, he has succeeded in overturning many of the old assumptions – and much of the old hureaucracy.

The task facing Mr Rawlins and his more demure chairman, Mr Andrew Hugh Smith, is no less than to re-invent the ISE. In an era when securities markets have migrated to the computer screen, the exchange must find a new, more efficient way of operating if it is to retain its place at the heart of the capitalist system. What is more, it must do so without putting any of the existing market users at a disadvantage.

Time is short, and Mr Rawlins knows he will get only one chance. His direct approach has made him enemies, and the exchange's big users, impatient for change, would not hesitate to oust him if he put a foot wrong.

To understand where Mr Rawlins is pushing the exchange, it is necessary to understand where it came from. London's stock exchange (the International was added in 1986) has always embraced a far wider range of activities than have stock market authorities in other financial centres.

By the mid-1980s, when trading was still carried out on the exchange floor, it was the regulatory authority responsible for listings on the stock market; it handled the settlement of all stock market transactions and was the leading distributor of share-price information to stock market users. The stock exchange also regulated the market's members and acted as a trade association for them. It did these things under the guise of one of best gentlemen's clubs in the City.

Over time, a vast staff (more than 3,000) and an extensive web of brokered committees had built up around the institution. Cross-subsidies – in which income from some of the exchange's activities was used to support other, loss-making areas – and a blurring of responsibilities came to obscure the divisions between the exchange's various jobs.

Two things brought this era to an end: Big Bang and recession in the securities industry.

The Big Bang reforms of 1986, by throwing open the exchange's doors to outsiders, changed the club-like atmosphere. With more power in the hands of a few large firms, a new commercialism undermined the sense of personal involvement. This coincided with a move to a market in which shares were traded over the telephone, away from the old trading floor. Suddenly, much of what the exchange had stood for disappeared.

The recession in the secnrities industry which followed the 1987 stock market crash provided the final push. While the exchange's users started to cut back, its own hureaucracy continued to thrive. That position was unsustainable.

Enter Mr Rawlins. Impatient, and with an apparent disregard for authority, this Arthur Andersen-trained accountant knew all ahout taking on the establishment. He had come to prominence at Lloyds, the private insurance market, where he had worked with chief executive Mr Ian Hay Davison during the restructuring of the market in the mid-1980s.

Mr Rawlins's methods were alien to the closed world of the ISE. One person who has worked with him says: "He tends to speculate in public. It gets him into terrihle tronhle with member firms. Andrew [Hugh Smith, ISE chairman] allows Peter a very long piece of rope. He lets him come out with some outrageous propositions, before reining him back."

Since Mr Rawlins's appointment, every one of the 10 ISE board members in place a year ago has left the exchange. Two of the top three managers of the ISE's operating units appointed in Mr Rawlins's first reorganisation last April have departed. Another layer of senior management was stripped out of the core Trading Markets Division in January.

Staff numbers have fallen from more than 3,000 to less than 2,200. Many of those who remain fear for their jobs, and morale among staff is low. At the same time, the practitioner committees which advised on policy and operations have been disbanded in a hid to cut the talking and speed up the decision-making.

This has been accompanied by a reorganisation of the exchange's activities into three business units, covering primary markets (the raising of capital), trading markets (buying and selling shares in the secondary market) and settlement (arranging for sellers to be paid, and huyers to receive their stock).

Cutting back and creating a new organisational structure may yet prove to be the easiest part of Mr Rawlins's joh. The next step is to make secure the exchange's place in the securities markets hy reshaping its services and defining its strategy for the future.

The ISE's traditional multi-function role has been under pressure from several quarters. There is competition in virtually every area of its activities, in particular from quote vendors, who distribute share price information. Pressure has also come from the ISE's own larger members, which increasingly match huyers and sellers internally without the business ever formally reaching the stock market. Potentially, rival clearing houses, which already settle international share trades carried out in London, could one day compete for UK husiness as well. Mr Rawlins has already performed a degree of "unbundling", to establish clear responsibilities and remove the cross-subsidies that supported some activities in the past.

The task facing Peter Rawlins and his more demure chairman, Andrew Hugh Smith, is no less than to re-invent the International Stock Exchange

But that raises fresh questions. Should the exchange now be pared down to its core activities? Or should it seek to rehuild the central position it used to enjoy in securities trading, before the fragmentation started?

Part of the difficulty is defining what the ISE's core functions are. Like peeling an onion, it would be possible to strip away all the layers and leave nothing in the centre.

Mr Rawlins says the exchange has three jobs, reflected in its new organisational structure: to make possible capital-raising at competitive rates, to promote liquid and efficient secondary-market trading, and to organise effective, risk-free settlement – all of it within an appropriate regulatory structure.

But what functions does the exchange need to control directly in order to "facilitate" (a favourite Rawlins word) these activities? And is the range defined by Mr Rawlins the right one? The exchange's role in relation to a number of activities has yet to be fully defined:

● The retail share market. Big Bang resulted in a trading mechanism well-suited to dealing in large hlocks of shares, but did little for the private investor. Much of Mr Rawlins's work in recent months has been to find a way of allowing wholesale and retail markets to co-exist. This involves segmenting the stock market, creating distinct trading and support services for wholesale and retail share husiness. But should the exchange hava a place in retail business at all?

Arguably, it cannot ignore this market: private shareholders may account for only 18 per cent of stock market trading by value, hut that amounts to nearly three quarters of the bargains done. The income this hrings the exchange may have been shrinking as private investor activity has shrunk, but it amounts to an important part of its business.

One insider says: "If the number of retail trades continues to fall, the exchange will be stuck with a high level of fixed costs. It can't apportion those to wholesale trades, or it will drive that business away."

Mr Rawlins believes it will be possihle to create a new trading environment for retail investors but at the same time tie them into the wholesale market. "In the segmentation process we are going through, we are seeking to avoid fragmentation at all costs," he says.

● Regulation. After the 1986 Financial Services Act became law, the ISE lost the job of regulating its members to The Securities Association (TSA). Arguably, the right to authorise members to trade should be one of its core functions.

But it seems too late for the exchange to get back into the regulation husiness. TSA is about to absorb the Association of Futures Brokers and Dealers, giving it sway over many investment firms which have never come near the exchange's markets.

Mr Rawlins believes a partial way around this problem would be to graft a professional institute on to the ISE, perhaps an Institute of Stock Exchange Practitioners. Membership of such a body would add to the value of stock exchange membership, since it would help to distinguish stockbrokers from what Mr Rawlins calls "bucket-shop operators" – unqualified, low-grade investment advisers. Also, if membership of the institute was taken as *de facto* evidence of someone's fitness to be a member of TSA, then it would be the institute, rather than TSA, that was effectively granting authorisation to trade.

This answer is incomplete, though. TSA's real power lies in its authority over securities firms, rather than over individuals, and the ISE would hava no control in this area.

● Clearing and settlement. Mr Hugh Smith has indicated in the past that the exchange will yield majority ownership and control of settlement to others, allowing banks a say.

The exchange has since equivocated on the matter, and tha appearance of settlement as one of Mr Rawlins's three central business units suggests it will not yield control readily. Settlement could he important to the exchange for a number of reasons. It is a big income-earner: in the year to March 1990, settlement hrought in £40m of its £180m income.

Also, the long-term benefits of integrating stock market trading and settlement could be substantial, bringing big cost savings. Since cheap and efficient trading is the exchange's reason for existing, there is an obvious attraction in keeping hold of settlement.

Rebuilding the settlement system, meanwhile, remains the single most important short-term task the ISE faces. Completion of its proposed automated system, Taurus, now due early next year at the earliest, is essential if it is not to lose credibility throughout the securities industry.

● Information services. ISE members say it should stick to running trading markets, implying they do not want to be in competition with commercial quote vendors.

Information services, though, are the exchange's biggest money-spinner, hringing in £86m last year. Selling information is also a natural part of the exchange's services. In the era of electronic trading, the heart of the exchange is its computer network linking all its members to the centre. It makes sense to use this network to distribute share price and other information. But how far does the exchange want to go in the information business?

Mr Rawlins's response to questions like this seems to be that the exchange's range of activities should be determined by what it can do more cheaply and effectively than other institutions or suppliers. As long as it passes this test, companies and investors will continue to use its services.

The possibility remains, though, of an extensive unbundling of the ISE's services. As one former senior ISE figure asks: "What's the glue that holds it together?"

If Mr Rawlins cannot find the glue, he could leave the ISE a very much smaller place than when he arrived.

OBSERVER

Gulf grilling for Baker

■ Will April Glaspie, US ambassador in Baghdad before the Kuwait invasion, be allowed to tell her story?

The question is a hot one in Washington in the run-up to a series of congressional inquiries into the Gulf war. Democrats see the recalled envoy as a potential star witness for the prosecution case that tha Bush administration presided over a policy failure toward Iraq.

Much of their case turns on a meeting on July 25 when she told Saddam Hussein the US viewed Iraq's border dispute with Kuwait as an "Arab-Arab" issue. Congressional investigators want to know whether she exceeded her brief, or was expressing a flawed US government policy.

To date, except for one interview granted to the New York Times, she has been muzzled hy the State Department, presumably on the orders of Secretary of State James Baker. Critics suspect he is using Glaspie, a distinguished foreign service professional, as a scapegoat. Some say congressional committees may have to suhpoena her to appear.

Like the Thatcher government after the Falklands, the Bush administration brushes aside the need for a post-mortem on the conflict, arguing that winners take all.

Baker himself is off to the Middle East on a much publicised mission to secure the peace. But he will return next week to the certainty of a grilling on Capitol Hill – a rare embarrassment for a man whose ability to dodge political controversy is legendary.

Dividend leaks

■ There is something rather odd when everyone in the City seems to know that the dear old Midland Bank is going to cut its dividend today, and yet hardly anyone can remember when it last dropped its payout. Clearly, whatever the expectations are based on, it isn't the historical record.

But judging hy the recent press coverage, yesterday's meeting of the Midland Bank board to approve the dividend must have been a mere formality. The financial markets have been adjusting to the prospect of a dividend cut; on the basis of a 13p dividend, for example, the shares are now yielding a comfortahle 9 per cent.

If there have been inspired leaks about the Midland dividend, it could be argued that they serve a useful purpose. After all, the stock market does not like surprises – just look at how long it took ICI to recover after its unexpected dividend cut in 1981.

All the banks have been guilty of softening up the stock market in the run-up to some terrihle 1990 results, and the subsequent outperformance of their share prices snggests shareholders have benefited.

Nevertheless, if the public relations machine has been used to leak price-sensitive information, it is a serious matter.

Lord Redesdale

■ The US banking industry lost its best known representative in London on Sunday night with the sudden death of Clem Redesdale at the age of 58.

Lord Redesdale was a vice-president in the UK office of Chase Manhattan Bank where he had worked for 14 years as its director of corporate communications. There was scarcely an international banking event in the City at which Clem would not put in an appearance, usually with some well-chosen bon mots.

Scion of the Mitford family and an old Etonian, Clem moved with polished ease between the pin-striped atmosphere of the City and the hrasher world of his US employers. One of his regular tasks was to usher David Rockefeller, Chase's former chairman and scion of another famous family, through his annual visits to the old world.

Together with Lady Redesdale, he lived a life of extraordinary generosity – as witness the fact thet they fostered several children besides having seven of their own.

"I said: can you stop firing in the air?"

Bank queue

■ How long does it take to write a cheque? As long as two months, if you happen to be the UK's Deposit Protection Board.

This institution was set up to pay compensation to depositors of insolvent banks (three quarters of the amount owed, with a ceiling of £15,000 per depositor). The trouble is, that although the principles behind the UK deposit protection scheme may be the envy of other countries, the board doesn't seem up to the job.

It has been struggling for months with the administrative task of agreeing how much compensation to pay to several thousand depositors of British & Commonwealth Merchant Bank, which went into administration last May. All the paper work is now complete. Yet one unhappy depositor, who called the board yesterday to ask why she hadn't yet received a cheque, was told she would have to wait up to eight weeks more. The cause of the delay: the need to process 7,000-8,000 claim forms from depositors.

At around 1,000 cheques a week, or 200 for each working day, that is surely not the most efficient cheque-writing operation in the City. Imagine what would happen if the board had to come to the rescua of the depositors of a big London clearing bank.

Oil money

■ I see Nubar Gulbenkian's taxi is to be auctioned later this month. The multi-millionaire son of the famous oil tycoon, "Mr five per cent" Gulbenkian, was once asked why he chose to travel around London in a black cab, decked out as an open carriage.

"Because it can turn on a sixpence," he replied, "whatever that is."

It reminds me of his other oft-quoted remark. Before a meal he would call the waiter, tear a £1 note in half and give half to the unfortunate fellow, noting: "If you please me, the other half is for you, if you don't it's for me".

That's what hereditary wealth does to one, I suppose.

Boom, boom!

■ A colleague returned home recently to find two tramps encamped on his doorstep. One was drinking battery fluid, the other apparently eating n firework. Feeling rather concerned, he called the police.

They charged one and let the other off...

هكذا من الاصل

Kevin Done on the new S-class Mercedes, and the German company's productivity problems

Sophistication may not suffice

In public, Daimler-Benz is displaying its customary air of untroubled superiority this week as it takes the wraps off its long-awaited new generation luxury car range – the Mercedes-Benz S-Class – at the Geneva motor show.

Behind the scenes, however, there is an unaccustomed edginess among leading executives of Mercedes-Benz, the German group's car and commercial vehicles subsidiary.

For the last two years, the automotive aristocrats of Stuttgart have been in grave danger of being upstaged by the fledgling luxury car makers of Japan. Toyota and Nissan only launched their Lexus and Infiniti luxury cars in the US in late 1989, while Honda unveiled its NS-X supercar challenge last year. But all three producers have been in the market long enough to show that they are fully capable of posing as formidable a threat to Europe's luxury car makers as they have to the volume car producers of Europe and North America.

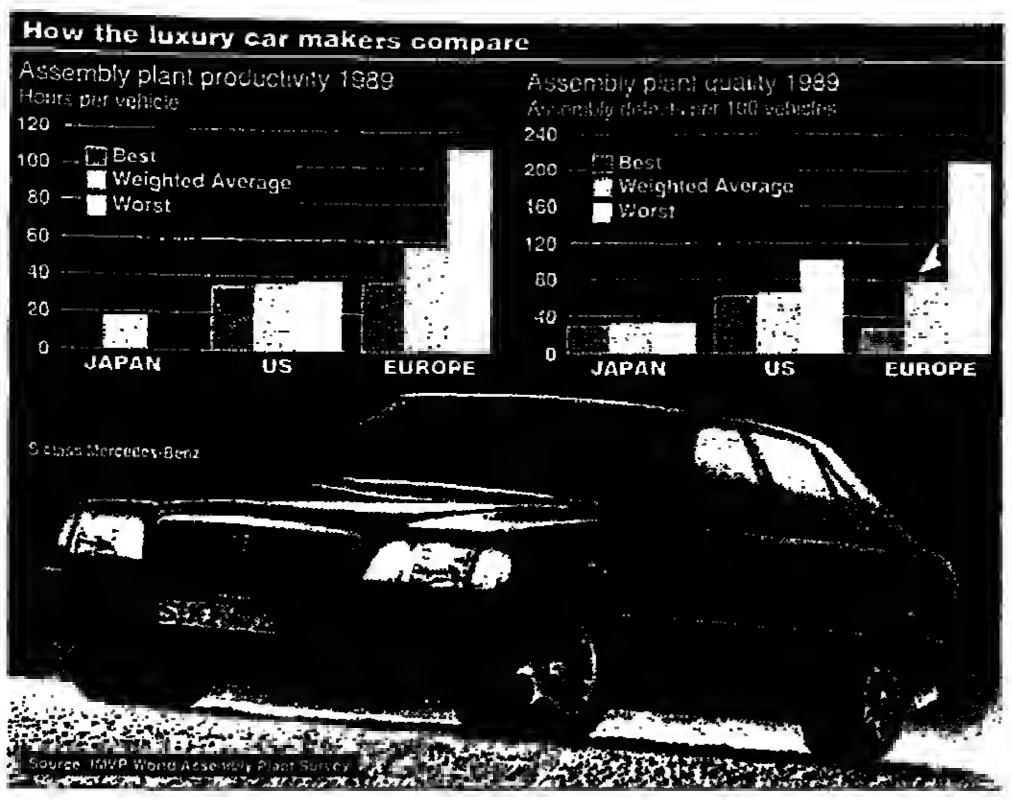
Mercedes-Benz, which has laboured for the last five and a half years to develop a successor for its existing 11-year-old S-Class range at a cost of well over DM3bn (£1.02bn), has been seeking to produce a car that would re-write the standards for judging achievement in luxury car making.

For prices that could stretch to £75,000-£80,000 at the top of the range in the UK, the new S-Class will boast a number of world firsts in technology:

- It is the first car to have double glazing so that the side windows should never steam up, and self-closing doors;
- Its six-litre, 12-cylinder, 48-valve engine has what is claimed to be the most advanced engine management system in the world and the biggest catalytic converter;
- The manufacturing process has practically eliminated the use of chlorofluorocarbons (CFCs);
- Seat, mirror and steering column positions have a computer memory. The seat-belt height adjusts automatically.

The sophistication of the product alone, however, may not be enough. For Mercedes-Benz is confronting a more fundamental challenge from Japan, in the area of the productivity, cost-effectiveness and quality of its engineering and manufacturing operations.

A raw nerve was touched in Stuttgart late last year with the publication of the Massachusetts Institute of Technology's $5m, five-year study on the future of the car, entitled The Machine That Changed The World.



The report exposed the yawning gap in efficiency, *costs and quality between the* world's so-called "lean" car producers (chiefly, but not exclusively, the Japanese) and the out-dated mass producers (chiefly the European and American producers). The study concentrated on the volume car producers, but alarmingly for Europe's leading luxury car makers, Mercedes-Benz, BMW, Jaguar and Porsche, the MIT group claimed that its findings were just as valid in the sphere of prestige car production.

The truth is that the German luxury car makers are suddenly facing a situation in which the prices they demand can no longer keep rising to cover the inefficiencies of their development and manufacturing processes.

MIT's *findings on productivity* (measuring standardised tasks at large car plants in Japan, the US and Europe in terms of hours per vehicle) were particularly alarming for *Europeans* used to charging premium prices around the world.

"The Japanese plant requires one-half the effort of the American luxury car plants, half the effort of the best European plant, a quarter of the effort of the average European plant, and one-sixth the effort of the worst European luxury car producer," it stated.

"At the same time, the Japanese plant greatly exceeds the quality level of all plants except one in Europe, and this European plant requires four times the effort of the Japanese plant to assemble a comparable product."

As the study concluded: "No wonder the western luxury car producers are terrified by the arrival of Lexus, Infiniti, Acura and the Japanese luxury brands still to come."

To gain access to plants and data the MIT study has sought to avoid naming individual plants or companies. What has *stung Mercedes-Benz in particular*, however, is that it has become clear that the "high-quality but low-productivity" plant visited by the MIT team is in fact the company's main Sindelfingen assembly plant in south-western Germany.

The report claims that the basic problem at the plant is a widespread conviction among managers and workers that they are "craftsmen".

"At the end of the assembly line was an enormous rework and rectification area where armies of technicians in white laboratory jackets laboured to bring the finished vehicles up to the company's fabled quality standard." The team found that "a third of the total effort involved in assembly occurred in this area. In other words the German plant was expending more effort to fix the problems it had just created than the Japanese plant required to make a nearly perfect car the first time."

The MIT advice to Mercedes-Benz and any company practising such "craftsmanship" is simple: "Stamp it out... otherwise lean competitors will overwhelm you in the 1990s."

Mr Jürgen Hubbert, who heads the Mercedes-Benz car operations, insisted in a recent speech that the company had for some time been working on "all the different factors" of improving its competitive position.

But he sounds suspiciously vague when it comes to specifying how the company plans to do this: "In view of the rich tradition of European culture in the field of labour relations we are unable to 'Japanise' our activities; rather we have to find tailor-made solutions which are nonetheless efficient."

Despite the high costs of *making cars in Germany, he* said, Mercedes-Benz had no intention of producing cars outside the country – the "Made in Germany" label was too important. Instead, the company's aim is "production in Germany with German personnel and the same high levels of efficiency and cost effectiveness as our competitors in the US and Japan". He admitted, however, that in talks with the unions and the workforce the *company had only* "taken the first steps towards reaching this aim".

Mr Eberhard Herzog, Mercedes-Benz cars sales and *marketing director, agrees that for* the future "costs and quality will be decisive. Japanese rivals are a bigger danger than all others".

Mercedes-Benz had to bring its costs down in the next five years and become more flexible. "We are like an elephant, we are not nimble, but when we start moving we have more power. But the Japanese bring out new products much faster. Customer demand and new regulations mean that we must be quicker."

Nonetheless, Mr Wolfgang Peter, head of Mercedes-Benz car development and the engineer most closely responsible for the the new S-Class insists that he "cannot recognise" the company in the MIT study description. "We are moving very fast at the moment," he says, pointing to moves to shorten Mercedes-Benz's product life cycle from 11 to eight years and its aim of introducing significant innovations *to* the range every year.

"Everyone asks how much we fear the Japanese, but no one asks how many cars we sell there," says Mr Peter. "We are the leading import marque in Japan. It shows how domestically the Japanese judge value for money."

Joe Rogaly

South Africans who embrace the Nats

The time has come for South Africans of liberal persuasion to stop dithering about the African National Congress. They should cease to be hypnotised by the ANC, so chic a topic at Johannesburg's suburban *cocktail* parties. There is another party for true democrats of all races to support: the National party, headed by President F.W. de Klerk.

What, look to the Nats? In spite of everything that has happened over the past year-and-a-half this must still seem outrageous to some English-speaking whites. I think it is pretty outrageous myself, although I am advocating it. I remember 1948, when the Afrikaner *Nationalists, many of* them sympathisers with Nazi Germany during the then recent war, came to power. For the next 40 years they hammered down the *iron* chains of apartheid, ruling with a ferocity that was rightly condemned by the rest of the world.

Their xenophobia was legendary; their *racial theories* were, to put it charitably, mad. The republic was rightly driven from the Commonwealth, boycotted, subjected to economic sanctions. South Africa was treated as the polecat of the world. It was a beastly regime. It deserved the contempt it brought upon itself. The social and economic consequences of its years of misrule will persist for decades to come. Some of the damage was done by disinvestment and sanctions. Yet I have no time for the fellow-travellers of apartheid, too many British Tories among them, who argued for contact rather than isolation. They were merely chasing a trading interest. Sanctions were one of the ingredients that brought the downfall of white supremacy.

Indeed, the effectiveness of the withdrawal of financial support by the world's banks is acknowledged by the foreign affairs committee of the House of Commons, whose report on British policy towards southern Africa was published yesterday. The committee now *wants sanctions ended*, sporting ties resumed, and the arms embargo kept in place. The committee's chairman, Mr David Howell, may have become a bit of a Nat himself. But unilateral gestures are not in the British interest. We should move in concert with the Commonwealth, the European Community, the US and the United Nations.

We would be opposed by the ANC. Until very recently it was the only true opposition. It has always represented the aspirations of the black majority, and doubtless still does. The young Nelson Mandela, and his fellow-solicitor, Oliver Tambo, were men of quality. Transferred to a British shire they might have become Conservative MPs with strong cabinet potential. A few white liberals and communists tied themselves to the ANC; others, like Mrs Helen Suzman, stood as progressives and sought a more measured transition to democracy than is currently contemplated by Mr de Klerk.

It is difficult to maintain faith in the ANC in its present chaotic state

My sympathies have been with the ANC throughout my adult life. It is impossible to dim one's admiration for Mr Mandela, but difficult to maintain faith in the ANC in its present chaotic state. This is not only a consequence of the malodorous events surrounding the trial of Mrs Winnie Mandela, although with an eye to the administration of justice under an ANC government that must be a factor.

There is a more fundamental problem. The years of struggle have created a terrifying unarmed army of young street fighters. Mr Mandela is barely able to control them, and he is not immortal. The balance between communists, state socialists, nationalists, and others within the ANC coalition is unclear. An ANC government, unrestrained by constitutional safeguards or the strong presence of other well-based parties, is not a reassuring prospect for South Africans. As to Inkatha, my guess is that this mainly Zulu party would impose the worst kind of tribal autocracy. There can be *no peace in the republic until* there has been a proper election, with the ANC taking the leading role if the voters so ordain – but there can be little hope for democracy if there is virtual one-party rule.

The principal reason is the disparity between the poverty of most blacks and the wealth of most whites. The ANC's natural electorate is what it calls the masses. That means people who for very good reasons demand an impossibly ambitious and basically uneconomic redistribution of wealth. Middle-class blacks may break away to other parties that better understand the need for creating new wealth, and stimulating inward investment. The National Party is a natural home for them. But it *too* will fail if it does not increase taxes on the whites in order to give more to the blacks. As the Commons committee says, *South Africa needs both redis*tribution and wealth creation. A multi-party democracy may just achieve a workable balance, even though the predomi*nant party is* the ANC.

The question remains – why the Nats? Their "manifesto for a new South Africa", issued in conjunction with President de Klerk's recent address to the Cape parliament, constitutes a theoretical foundation for a democratic, wealth-creating South Africa. Oh yes, it will be argued, but the Nats are masters at using words to deceive. I have rehearsed the same argument myself, many times, but Mr de Klerk's actions to date have taken events too far for it to be reasonable to doubt his word. Yet the reinstatement of capital punishment, which has just taken place, is a sickening sign that the spirit of the old South Africa still exists, even with Mr de Klerk presiding. So what about a period of backsliding, as with Mr Gorbachev over perestroika? This is possible, and if it happens the ANC will once again be the only place to go. But as matters stand the best chance of preventing such a catastrophe, and giving hope that there will really be a new democratic South Africa, is to embrace Mr de Klerk's Nats.

LETTERS

Gorbachev still deserves support from the west

From Mr Vladimir Simonov.

Sir, Has the Soviet Union already ceased to exist as a state? It seems that some commentators in the west and in this country, too, would like to create this impression.

Thus, President George Bush has decided to extend humanitarian aid to the Baltic republics behind President Mikhail Gorbachev's back. The Nordic Council invites the leaders of the Baltic republics to its session in Copenhagen as guests, yet sends no invitation to Moscow.

Moscow's mayor, Gavriil Popov, on returning from a trip to the US, proposes that Washington give aid to the non-government sector of the Soviet economy and "regions where the democrats are in power", rather than to the Soviet Union as a whole.

It is beginning to look as though some western politicians are counting on the disintegration of the Soviet Union, while much of the aid promised by the west has never actually materialised. The $20bn aid package discussed by the Big Seven last July in Houston got no further than a proposal.

We can, therefore, be justified in seeing the attempts to circumvent the Soviet centre and Mr Gorbachev in aid distribution as political moves. These are justified in the west by the theory that Gorbachev *now tends to heed the hardliners* and the military.

The fear that the Soviet leader might be removed by a military coup has been replaced by fear of a crackdown by the president on his own perestroika and on the republics' striving for sovereignty.

But are the "hardliners" really calling the tune, or is Mr Gorbachev relying on the conservatives to restore law and order, stabilise the economy and establish a bridgehead for another instalment of reform?

If the latter is the case, which I would argue, attempts to "teach Mr Gorbachev a lesson" or push him to take particular actions by downgrading economic co-operation with the Soviet government are little short of kicking the Soviet leader when he is down.

The party bureaucrats, who view foreign investments and loans as attempts by international capitalism to seize the rich natural and labour resources of the Soviet Union, would be the first to gain politically if western aid is shut off.

Of course, every resolute step Mr Gorbachev takes may be viewed as a harbinger of dictatorship. But it should be realised that attempts at economic intervention from outside could undermine the fragile stability Mr Gorbachev is desperately trying to save. Should he fail, nothing but chaos and strife will lie in store for the Soviet Union.

As a result, the west could miss an opportunity, and instead of welcoming a great power to the world community, it may be confronted with a global political Chernobyl.

How many years would *it* take then before another Gorbachev turned up?

Vladimir Simonov,
political commentator,
Novosti Press Agency,
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Moscow

Accounting's global muddle

From Professor D.R. Myddelton.

Sir, SmithKline Beecham shows negative shareholders' funds of £300m in its published UK group accounts, while under US accounting rules the same item would apparently amount to a positive £3.5bn. The main reason is the very large write-off of goodwill in SB's UK accounts, which US accounting rules do not allow.

SSAP 22, the UK accounting standard on goodwill, does allow UK companies to follow the US treatment of capitalising goodwill and amortising against profit. But SB chose not to. So *it* was surprising to see Hugh Collum, SB's finance director, reported as complaining of "contradictory accounting standards" ("Here two plus two makes five", March 2).

UK Exposure Draft 47 recently proposed to eliminate one of the two currently acceptable UK treatments of goodwill in order to bring British practice into line with that of the US and most of the rest of the world. This move did not meet with the approval of the 100 Group of UK finance directors, of which Mr Collum is chairman. There was instead a carefully orchestrated chorus of whining and abuse.

D.R. Myddelton,
Cranfield School of Management,
Cranfield Institute of Technology, Bedford

Solicitors' efficiency on legal aid

From Ms Anne Castell.

Sir, The bulk of the legal profession is made up *of sole* practitioners or small partnerships – businesses with sales turnover typically between £100,000 and £250,000 per annum and where individual solicitors' mean remuneration stands at around £35,000 p.a.

These firms, numbering more than 10,000, are "general practitioners", offering access to the law at competitive cost to the public.

Lord Mackay's effrontery in suggesting that the large numbers of solicitors handling small loads might not be geared up to handle the work efficiently ("Legal Aid – government may set up 'safety net' for litigants", February 28) will be greeted with derision by these front-line small-business legal practitioners.

It *is* clear that the government, by seeking to downgrade an already unprofitable and inefficient legal aid system, is intent on both forcing the small legal practice out of business and limiting further the average citizen's access to law.

When will citizens and the Law Society say that they will no longer put up with this?

I challenge Lord Mackay to spend two weeks working in my office dealing with increasing demand from the public for legally aided work, at increasingly unprofitable rates, and still maintain that this practice does not handle the work efficiently. I am willing to wager that it is more efficient than his own Lord Chancellor's department stuffed with a surfeit of safely-pensioned civil servants.

Anne Castell,
solicitor,
2 Freebournes Court,
Newland Street,
Witham, Essex

Pragmatic view of travel aims

From Mr Charlie Kronick.

Sir, In the profile of Mr Malcolm Rifkind ("Pragmatist still to be tested", February 25) the secretary of state for transport makes two important points: that transport and the environment are interconnected in a very significant way, and that transport policy is more a question of pragmatism than ideology.

Public transport, as he observes, is neither a right-wing nor a left-wing issue, and neither is the heavy impact of road transport on the environment. Although the secretary may boast that rail investment is at its highest for 30 years, direct revenue funding of British Rail is still only about a quarter of the government's annual roads expenditure and one seventh of the £3.4bn lost to the exchequer each year through company car subsides.

The disparity between spending on public transport and the huge road spending programme represents head-on collisions with both the travelling public and the environment. If transport policy is to be integrated – indeed, if travelling is ever to be more "fun", as Mr Rifkind hopes – investment in road, rail or other transport sectors must acknowledge all the real costs.

Charlie Kronick
transport campaigner,
Greenpeace UK,
Canonbury Villas, N1

Mappin & Webb: a case against

From Mr Peter Milne.

Sir, I doubt if most of your readers will agree with your editorial ("Lord Palumbo gets his building", March 1) on the Mappin & Webb site that "the case for redevelopment is strong". Those who work in the City are reminded on a daily basis by grim and ghastly new buildings of the way in which the immediate landscape has changed and continues to change for the worse.

The Mappin & Webb buildings may not be among the greatest of the City's architectural delights but it can be safely assumed that the modern replacement, whether the one proposed or another, will be considerably less pleasing.

No doubt the new building will have greater accommodation, to add to the ever growing surplus of City space.

Peter Milne,
21 Moorfields, EC2

FINANCIAL TIMES
Tuesday March 5 1991

SOVIET MINERS' PROTEST

Strikers call on Gorbachev to resign

By Quentin Peel in Moscow

STRIKE ACTION by Soviet coal minars appeared to he spreading yesterday, as strike leaders sought to step up their political attack on President Mikhail Gorbachev.

Some 12,000 miners called for the resignation of the Soviet leader at a mass meeting outside the Communist party headquarters in Prokopievsk, a leading mining centre in the west Siberian Kuzbas coalfield.

They also demanded the dismissal of the Supreme Soviet in Moscow, and the expulsion of party organisations from enterprises, the KGB and the Interior Ministry, according to Interfax, the independent news agency.

Their demands closely reflect the position of Mr Boris Yeltsin, the radical president of the Russian federation, who is openly calling for Mr Gorbachev to hand power to the leaders of the union republics.

At the same time, Mr Nikolai Ryzhkov, the former prime minister and once one of the Soviet leader's closest allies, has criticised Mr Gorbachev's assumption of sweeping presidential powers, in his first interview since he quit office after a heart attack.

Although Mr Ryzhkov attacked Mr Yeltsin far more bitterly, his criticism of presidential rule will add to growing disquiet at the conservative switch in the Kremlin, at a time when Mr Gorbachev's personal popularity has never been lower.

As if to compound his plight, Soviet television chose Sunday, the day after the president's 60th birthday, to broadcast the first part of a virtual hagiography of Mr Gorbachev, entitled "Our First President". Based on a series of interviews with contemporaries from his youth and childhood, and the first televised interview with his mother, it reminded Soviet viewers of similar propaganda exercises carried out for Mr Nikita Khrushchev, and Mr Leonid Brezhnev.

Nineteen pits in the Ukrainian Donbas were reported yesterday to have stopped work in support of 200-250 per cent wage demands, although Tass, insisted that only six mines were involved.

In tha Karaganda field in Kazakhstan, the country'a third largest, the miners were reported to have suspended their strike until March 30 for further negotiations, while in Vorkuta, inside the Arctic Circle, they have postponed action until March 10.

Althongh the industrial actions hava yet to come close to the mass stoppages of 1989, when hundreds of thousands of miners downed tools, they indicate an explosive atmosphere building up in a crucial industry.

The actions are also increasingly focused on the referendum called by Mr Gorbachev for March 17, ostensibly to vote on whether to preserve the Soviet Union as a unitary state. Radical opponents of the Soviet leader are seeking to turn the question into a vote of confidence in Mr Gorbachev – calling for a boycott, or a no vote, to express popular discontent.

The European Commission yesterday took EC governments and the European Parliament to task for spending so long approving food aid for the Soviet Union and eastern Europe, writes David Buchan in Brussels.

Mr Frans Andriessen, the EC external affairs commissioner, said he hoped that in a meeting today the EC Council of Ministers and the parliament could settle their differences on Brussels' proposals for Ecu250m ($337m) food aid for the Soviet Union and Ecu100m for Bulgaria and Romania.

Hardliners fail to block German treaty

By Quentin Peel in Moscow and David Marsh in Bonn

A LAST-DITCH attempt hy Soviet conservatives yesterday failed to prevent ratification of the six-nation treaty on German unification by the Supreme Soviet in Moscow.

Leaders of the Soyuz (Union) group of conservatives in the parliament bad campaigned for a vote against the treaty, and parallel hilateral agreements between the Soviet Union and Germany, saying they provided inadeqnate compensation for the Soviet Union, and that 1994 was an unrealistic deadline for Soviet troop withdrawal.

The docnments were approved after a long and apparently heated debate.

In Bonn, Chancellor Helmut Kohl and Mr Hans-Dietrich Genscher, the foreign minister, both welcomed the Soviet ratification and Mr Hans-Jochen Vogel, leader of the opposition Social Democrats, said it was a sign that President Mikhail Gorbachev "kept his promises" to the German people.

The German government is, however, steeling itself for a request from Moscow for further payments to cover withdrawal of Soviet soldiers from eastern Germany.

Soviet right-wing politicians Colonel Nikolai Petrushenko (left) and Yegor Ligachev, prior to yesterday's vote in the Soviet parliament to remove the last barrier to German unification

European groups to develop regional jets

By Paul Betts, Aerospace Correspondent, in London

GERMAN, French and Italian aerospace companies are forming a joint company to develop a new family of 80-130 seater regional jets which will compete directly against the British Aerospace range of 146 regional jetliners.

BAe has held talks with Deutsche Aerospace, the Daimler-Benz subsidiary, over co-operation in the regional jetliner market based on the 146.

However, the German company has decided to develop an entirely new aircraft family with Aérospatiale of France and Alenia of Italy.

The German company said yesterday it had signed an accord with Aérospatiale and Alenia to set up a joint company to develop the new family of 80-130 seater regional aircraft. The company will he based in Germany with Deutsche Aerospace holding 50 per cent and Aérospatiale and Alenia 25 per cent each.

If a new aircraft programme is decided on, the three partners intend to form a joint organisation responsihle for marketing, sales and product support, with each partner holding one-third and with headquarters in France.

This would also be responsible for the marketing and support of all commercial aircraft produced hy the three partners in the 20-130 seat range.

Deutsche Aerospace believes demand exists for a new regional aircraft. But other makers argue that too many products are competing in the market to justify an entirely new family of aircraft.

BAe has announced plans to extend its 146 product range by developing a 130-seat stretched version of its regional jet with a new wing and two, instead of four, engines. Fokker of the Netherlands plans to develop a higger version of its F100 regional jet. But Germany has been anxious to lead a new commercial aircraft programme as part of the renaissance of German aerospace, even though this is expected to involve about $3hn-$4hn in development costs.

BAe's plan to stretch its 146 is expected to involve about $1hn in development costs, while Mr Jean Pierson, chairman of the European Airbus consortium, said it would cost only about $400m to develop a smaller 130-seat version of the Airbus A320 150-seat jet.

Airhus, whose partners include BAe, Aérospatiale, Deutsche Aerospace and Casa of Spain, makes large commercial jets and cannot develop any aircraft with less than 150 seats. But BAe argues it would be more cost effective for Airbus' partners to let the consortium develop a 130-seat jet.

Mr Dick Evans, BAe's chief executive, has said BAe is ready to go ahead with its new 146 stretched aircraft if the three other European companies decide to launch a new 130-seat regional jet.

European ministers responsihle for aerospace are expected to decide in June whether to give Airbus the go-ahead for a 130-seat aircraft. But Airhus' German and French partners are likely to resist such a move which would undermine their efforts to launch a new regional aircraft programme.

Boeing deal, Page 6

UK Tories begin to draw up election manifesto

By Ivo Dawnay in London

BRITAIN'S ruling Conservative party is likely to renew its drive to increase home-ownership, raise the status of vocational education and clampdown on anti-competitive corporate practices in the party's manifesto.

As departmental manifesto committees complete their work this week, ministers, MPs and outside interest groups are already lobbying the prime minister's office and Conservative Central Office to highlight their favoured policies and projects.

Alongside its continuing privatisation policy, the manifesto is expected to promise tough measures against company practices that distort or restrict competition, hringing Britain closer into line with its European Community partners.

Almost certain to be promised in a programme for the next government are efforts to increase the rented housing sector, extension of the "rent-to-mortgages" scheme to part-sell council flats and houses and the introduction of "commonhold" – giving more than 1m leaseholders the right to own their properties for the first time.

The Conservatives are also expected to switch the 1987 manifesto's focus on raising students' education standards to lifting those of the teachers.

To reinforce the prime minister's idea of an "opportunity society", emphasis will also be put on increasing the prestige of vocational education in relation to academic work.

Other commitments ara expected to include increased targeting of benefits and tax cuts to poorer families, a drive for more efficient courts and measures to promote conservation in the conntryside.

Details, Page 8

Britain is urged to lift SA economic sanctions

By Michael Holman, Africa Editor, in London

ALL ECONOMIC sanctions applied hy Britain against South Africa should be lifted when Pretoria repeals three key apartheid acts later this year, a House of Commons committee said yesterday.

The recommendation by the influential foreign affairs select committee, which has a Conservative majority, would, if applied, mark an important shift in the British government's position.

The UK, together with other members of the European Community, has already made clear that the EC's ban on iron, steel, and gold coins will be lifted when the acts – the Group Areas Act, the Land Acts and the Population Act – are repealed.

But Britain has so far been equivocal about the timing for the removal of the oil embargo, a voluntary ban introduced in 1973. "It is clear to us that President de Klerk is genuinely committed to the abandonment of apartheid and the creation of a multi-party democracy," says the committee in a 71-page report on UK policy towards South Africa and the region.

"We believe the time is fast approaching for the UK to remove all of the economic sanctions against South Africa." It goes on to to include oil sanctions, hut says the arms embargo should stay.

Last month Mr F.W. de Klerk told parliament in Cape Town: "The South African statute book should be devoid, within months, of the remnants of racially discriminatory legislation which have become known as the cornerstone of apartheid."

Britain would expect Commonwealth leaders to lift most, if not all, sanctions if this took place by mid-October, the date for the Commonwealth conference in Zimbabwe.

Channel link to open with no direct service to UK regions

By Richard Tomkins, Transport Correspondent, in London

THE CHANNEL tunnel will open in 1993 with no express passenger train services to the rest of Europe from any UK city other than London, British Rail has acknowledged.

Plans to build a fleet of special Channel tunnel expresses linking UK provincial cities with Paris and Brussels have been halted by technical and financial problems.

And in France, construction of the high-speed line from the tunnel to Lille is also behind schedule and will not be completed when the tunnel opens. This will add 40 mintes to the planned journey times of three hours between London and Paris, and the two hours 40 minutes between London and Brussels until at least October 1993.

The only direct passenger trains between Britain and the French and Belgian capitals will be specially huilt expresses running in and out of a new London terminal currently being built at Waterloo.

The absence of direct services tothe Continent will be strongly resented in the UK regions, which fear inadequate transport links could leave them isolated from the rest of Europe when the tunnel opens.

In an attempt to defuse the controversy, British Rail is planning to run one or two ordinary trains hy a circuitous route from Scotland and the north of England into Waterloo each day to provida an easier interchange.

But these trains will be so slow that most passengers will find it quicker to use other train services into London and travel across the capital by the underground network.

Underlying the problems is the fact that railways in the rest of Europe use widely varying technical standards. Electric locomotives, for example, operate on different voltages, and although track ganges are the same, Continental trains are too wide and tall to fit Britain's bridges, tunnels and stations.

To overcome these obstacles, Britain, France and Belgium are building a fleet of "super-trains" capable of running in all three countries when the tunnel opens. Thirty of these are intended for the London-Paris and London-Brussels routes, another seven are supposed to connect the French and Belgian capitals with the Midlands and north of England and Scotland.

British Rail's plans to run its own aleeper carriages through the tunnel have been blocked on technical grounds, and no agreement yet exists between the railway operators of the five countries over what type of train should be built.

Because these were not intended to he special high-speed trains, BR had hoped to use its existing sleeping cars on the routes, hauling them with the special locomotives it has ordered for Channel tunnel freight trains.

This plan has had to be dropped because the sleeping cars do not measure np to Channel tunnel safety regulations. BR has therefore had to ask rolling stock manufacturers to tender for the design and manufacture of an entirely new type of carriage.

The difficulty this presents is that BR will want the four other countries to co-finance the construction of the night trains: hnt they may prove relnctant to do so, pointing ont that it is only because Britain cannot accommodate Continental-size trains that a new fleet is having to be huilt.

The main reason for the difficulties with both types of train is the incompatihility between different countries' railway systems, which means one country's trains cannot normally run on another country's tracks. In the case of the London-Paris and London-Brussels routes, forecast traffic density is high enough to justify the cost of a special fleet of trains which can operate between the three capitals.

However, the lower traffic volumea to destinations beyond these points, combined with the increased technical problems of running trains deeper into each country's territory, mean the cost of building the regional trains is proving difficult to justify.

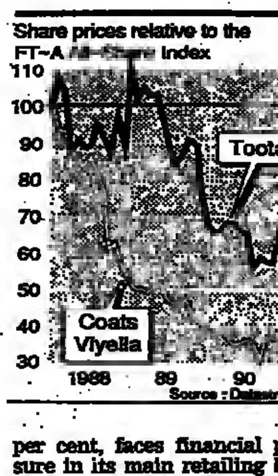
THE LEX COLUMN

Tootal trapped in the web

There is a touch of the pot calling the kettle black about yesterday's offer document from Coats Viyella. Tootal shareholders have indeed had a rough ride since marger plans were first mooted in May 1989. But then, the Coats share price has underperformed the market by a not insignificant 25 per cent in the same period. Tootal's earnings have always looked more realistic after excluding disposal gains from Da Gama and Sandhurst. For Coats to restate them, though, takes some nerve from a company not always known for conservative hook-keeping. Attacking Tootal's inadequate dividend covar for the year ended January 1990 is downright cheeky, given Coats'ssimultaneous announcement of a one-third cut in its own final dividend, giving covar of a mere 1.4 times for the year.

Having said that, Coats appears to hava its long-stalked prey firmly in its grasp. The industrial logic of a merger is now widely accepted, while the timing of yesterday's pre-emptive strike looks shrewd. It focuses all the attention on the year just ended, when profits have suffered from restructuring costs as well as the unhappy state of the market. Tootal will be able to point to £10m of losses which will not be repeated this year, but it will be too early to derive a lot of encouragement for the outlook in 1991.

The 65p opening shot may be less than the market was expecting. However, there is room for more, even from a penny-pinching Sir David Alliance. Coats's gearing is now just 10 per cent and falling. But it may not even be necessary to pnt up more cash. In a market still hungry for stock, the institutions would donhtless prefer an increase in the form of paper, which would also give protection against Tootal being sold on the cheap.



Next

Compare the rivals for Grattan. Next's mail order subsidiary. Otto Versand, a private German retailer which already owns a 3 per cent stake in Next and has said it wants 10 per cent, has just had a fine year selling goods to its enlarged domestic market. A month ago, it made a friendly offer at an undemanding but respectable 20 times Grattan's 1989 earnings and Next's aharas promptly fell by 13 per cent.

Yesterday's interloper Sears, on the other hand, although modestly geared at around 20 per cent, faces financial pressure in its main retailing businesses and long-standing strategic pressure in mail order, where its Freemans business urgently needs strengthening. It is right to believe that Grattan is capable of better margins and would be a good fit, but it can scarcely be said to have topped Otto's offer hy enough to make its rival nervous. If it does not win Grattan, Sears will face hard questions ahont the future of Freemans.

In the short term, Otto might add a few million pounds to Sears' £150m offer and leave Sears the choice hetween entering an auction or bidding for the entire company. Given the depressed value of high street assets, the latter presumably would smack of more desperation than Sears feels. Judging by the market's reaction, the most likely outcome is that the original deal will go ahead at a higher price. But it might not pay to under-estimate Sears' tenacity. Having looked at Grattan before, it should have a good idea of its value. It may also find it worth its while to pay a higher price simply to protect Freemans and keep the Germans out.

Midland/Woolwich

How much Midland Bank will save by its sale of its French mortgage lending business to the Woolwich can only be guessed at, given that the building society will manage the £1.1hn mortgage book under contract rather than buy it with the rest of the assets. But the figure would make an interesting comparison with the savings implied by the dividend cut which is likely to accompany today's annual results. If Midland drops the payment to 13p per share from 18p last year, it will save around £40m. A harsher drop to 9p would save nearer £70m, but might cost a lot more in damage to the share price.

So a small disposal in France says more about the waning of Midland's European ambitions than it does about its ongoing efforts to pare back its balance sheet and protect its fragile capital ratios. Concentrating on corporate and investment banking in Enrope is one thing. Quite where this leaves successful operations like Trinkaus & Burkhardt is unclear. As for the Woolwich, it is behind Abbey National in penetrating fast-growing European markets. Abbey's Ficofrance will be a tough act to follow.

Gilt market

Little by little, the gilt-edged market is creeping back into the consciousness of the UK investment community. In the coming financial year, institutions which spent the last decade forgetting how to invest in gilts will have to cope with new issues averaging perhaps £350m a week. As this has sunk in over the past month, the rally which brought long gilt yields down from 12 per cent in the summer to under 10 per cent has gone into reverse.

To be fair, there are also international influences at work. US long bond yields, which similarly had dipped below 8 per cent a few weeks ago, are now back over 8.2 per cent on tha rathar arguable basis that the end of the Gulf war also means the end of the US recession. Tha gilts rally also owed much not to domestic interest hut to foreign investors drawn hy tha yiald premium on gilts in the context of the ERM. That phase seems now to have given way to profit-taking, on sterling as much as on the gilts themselves. Thus the domestic institutions, who normally took on the bulk of new issue purchases in the old days, look like being left with the same job again.

This does not mean that the rise in gilt yields must necessarily continue. It might yet prove, in the UK as in the US, that the assumption of economic recovery is premature. Bad news on recession or deflation would not only push yields back down. It might also increase the appetite for gilts issues by suggesting to tha more cautious institutions that it is still too soon in the cycle to buy equities. In that case, though, tha recent recovery in the ratio between equity and gilt yields would prove doubly difficult to sustain.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	16	61
Algiers	S	24	75
Amsterdam	S	11	52
Athens	C	8	46
Bahrain	–	–	–
Bangkok	F	35	95
Barcelona	C	14	57
Beirut	–	–	–
Belfast	R	5	41
Belgrade	F	7	45
Berlin	S	10	50
Biarritz	F	13	55
Bombay	S	29	84
Bordeaux	C	14	57
Boulogne	C	10	50
Brussels	F	10	50
Budapest	S	5	41
Buenos Aires	F	32	89
Cairo	C	18	64
Cape Town	S	21	70
Caracas	C	34	93
Casablanca	S	21	70
Chicago	C	-4	25
Cologne	S	8	46
Copenhagen	C	4	39
Corfu	F	16	61
Dallas	S	4	39
Dublin	R	7	45
Dubrovnik	F	15	59
Edinburgh	C	5	41
Faro	C	18	64
Florence	C	19	66
Frankfurt	C	7	45
Geneva	F	10	50
Gibraltar	C	15	59
Glasgow	C	5	41
Helsinki	Dr	-1	30
Hong Kong	C	19	66
Innsbruck	S	13	55
Inverness	F	4	39
Islamabad	C	16	61
Istanbul	F	6	43
Jakarta	R	32	90
Jersey	C	10	50
Johannesburg	F	26	79
Lima	F	25	77
Lisbon	C	17	63
London	R	9	48
Los Angeles	C	14	57
Luxembourg	C	6	43
Madeira	–	–	–
Madrid	S	15	59
Majorca	S	18	64
Malaga	F	17	63
Malta	C	16	61
Manchester	R	7	45
Manila	F	33	91
Melbourne	S	33	91
Mexico City	F	28	82
Miami	F	19	66
Milan	C	17	63
Montreal	Sn	-7	20
Moscow	S	0	32
Munich	C	3	37
Nairobi	S	28	82
Naples	S	19	66
Nassau	C	28	82
New Delhi	F	22	72
New York	C	6	43
Nice	S	16	61
Nicosia	F	16	61
Oporto	C	18	64
Oslo	S	2	36
Paris	S	11	52
Peking	S	13	55
Prague	F	5	41
Reykjavik	F	3	37
Rhodes	S	13	55
Rio de Janeiro	C	36	97
Rome	S	17	63
Salzburg	S	6	43
San Francisco	R	16	61
Seoul	S	9	48
Singapore	–	–	–
Stockholm	Sn	1	34
Strasbourg	C	5	41
Sydney	S	26	79
Taipei	–	–	–
Tangier	S	17	63
Tel Aviv	S	16	61
Tenerife	Dr	16	61
Tokyo	S	13	55
Toronto	Sn	-3	27
Tunis	S	18	64
Valencia	F	15	59
Venice	S	14	57
Vienna	C	5	41
Warsaw	C	7	45
Washington	R	14	57
Zurich	C	6	43

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES
COMPANIES & MARKETS

Tuesday March 5 1991

INSIDE

Gillette to set up Soviet joint venture

Gillette, one of the largest producers of shaving products, is to manufacture in the Soviet Union for the first time. The Boston-based group has signed a joint venture with a Soviet consumer and scientific products group and plans to produce a range of products for the domestic Soviet market. Page 26

Conti may seek Milan listing

Continental, the German tyre company under seige from rival Italian group Pirelli, is considering a listing for its shares on the Milan stock exchange. The announcement comes just over a week before the extraordinary general meeting in which shareholders will vote on the merger proposal put forward last year by Pirelli. Page 24

Battle ends for Allied

The long-running battle for control of the Allied group was finally resolved yesterday with the announcement that the original UBS-led merger proposal will prevail over the opposing bid from First National Bank. Under the proposal, UBS, Allied, Volkskas and Sage Financial Services will merge to form Amalgamated Banks of South Africa, the country's largest financial institution. Page 24

Suter profits fall 31%

Suter, the industrial holding company headed by Mr David Abell (left), saw pre-tax profit fall 31 per cent to £24m ($45.3m) in 1990 following a £3m write-down in the value of a US investment. Last year's taxable figure of £34.8m included a £3.4m profit from the sale of share stakes. Mr Abell said that, excluding associate companies, the value of the group's investments totalled only £1.5m by the end of last year. Page 30

Persimmon slips 11%

Shares in Persimmon, the UK housebuilder, jumped yesterday after the company announced that pre-tax profits fell by only 11 per cent last year from £32.5m to £28.8m ($54.4m). The company builds mainly in the Midlands, northern England and Scotland – regions that have been less affected by the UK housing market collapse. Page 29

Engine of growth

Walter Seipp (left), the soon-to-retire chief executive of Commerzbank, is known throughout banking circles as "Walter the Tank". His dogged persistence has seen the bank through 10 years of growth, and in contrast to some international banks, Seipp's Commerz emerges from the 1980's healthier than ever. Katharine Campbell talks to the chief executive about the strategies behind the bank's growth. Page 24

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises		
Badenwerk	228	+ 6
Brown Boveri	835	+ 10
Goldschmidt TH	697	+ 17
Linotype	577	+ 24
Falls		
Asko	760	− 8
Linde	785	− 5

NEW YORK ($)

Rises		
Arabian Shield	4 7/8	+ 1 1/4
Bolar	6 1/8	+ 3/8
Int Mobile Mach	7	+ 3/8
Merck	103 7/8	+ 1 5/8
Falls		
MCI Comm	26 1/8	− 1/2
NCR	95 3/8	− 1 5/8

PARIS (FFr)

Rises		
C M S Pkg	133.5	+ 7
Euromarche	3775	+ 245
Falls		
BIC	664	− 21
Beghin-Say	743	− 35
Dollfus Mieg	380	− 30
Geophysique	760	− 30

TOKYO (Yen)

Rises		
Daito Gyorui	981	+ 131
Hokko Chemical	1390	+ 170
Nihon Nohyaku	1280	+ 200
Falls		
Ahresty	1460	− 100
Ishihara Cons	745	− 54
Toho Titanium	1600	− 110

New York prices as at 12.30pm.

LONDON (Pence)

Rises		
Aegis	165	+ 15
Airtours	189	+ 16
Cannon St Invs	90	+ 10
Castle Mill	15	+ 2 1/2
Christies Int	228	+ 17
Cropper (Jas)	154	+ 24
Electron Data	93	+ 14
Goode	318	+ 24
Harrison Inds	75	+ 10
Meng Bronze	126	+ 15
Persimmon	247	+ 18
Galliford	39	+ 6
Spandex	273	+ 23
Tootal	71	+ 6
Torday & Carl	135	+ 10
WPP	115	+ 26
Falls		
ASW Hldgs	252	− 13
Cadbury Schw	351	− 10
Grand Met	722	− 10
Wellcome	483	− 16

Coats Viyella bids £194m for Tootal

By Alice Rawsthorn in London

COATS VIYELLA, one of Europe's largest textile groups, yesterday unveiled a £194m ($366m) hostile bid for Tootal, the UK sewing thread and clothing company that it tried to take over for £395m nearly two years ago. The bid comes on the same day that Coats announced plans to cut its final dividend.

The Coats bid, which offers 65p in cash for each ordinary share and 75p for each preference share, was immediately rejected by Tootal. Mr Anthony Habgood, chief executive, dismissed the offer as "an unwelcome and unrealistic" attempt to take over Tootal "on the cheap".

Sir David Alliance, Coats' chairman, said the industrial logic of combining the two companies, which are leading players in the international market for sewing thread, was "strong and clear". He claimed Coats, which already owns 29.9 per cent of Tootal, was offering a "full and fair price".

Mr Chris Burbridge, textiles analyst at UBS Phillips & Drew in London, said a deal between Coats and Tootal "made a lot of sense".

However, there was speculation on the stock market that Coats might make a second offer at a slightly higher price.

Coats's shares increased 15p to 138p on the announcement. Tootal's shares, which have been buoyed by bid speculation ever since the first Coats bid, rose above the offer price by 6p to 71p.

Coats yesterday also announced a fall in pre-tax profits from £137.4m to £105.6m in the year to December 31 on turnover down from £1.9bn to £1.8bn.

Earnings per share fell to 9.6p (15.1p) and Coats proposed reducing its final dividend to 4p (6p) making a total of 7p (9p).

The two groups have held intermittent bid discussions since Coats' first agreed bid for Tootal lapsed after its referal to the Monopolies and Mergers Commission in June 1989.

Coats, which has interests in precision engineering as well as textiles, employs 56,000 people worldwide. It hopes to take over Tootal, which has a workforce of 15,000, to merge their sewing thread interests.

Since the first Coats bid both companies have suffered from the recession in the textile industry. Coats claims its new new lower bid reflects the impact on Tootal's performance. Phillips & Drew predicts a fall in Tootal's profits from £36m to £23m for the year to January 31.

Mr Habgood said Tootal planned to mount its defence based on the future strategy of his new senior management. He became chief executive in January after the departure of Mr Geoffrey Maddrell. Tootal recently appointed Mr David Williams as finance director.

Lex, Page 22

Arranged marriage turns needle match

Alice Rawsthorn examines Sir David Alliance's latest attempt to capture Tootal

When a Midlands industrialist was asked what it had been like to buy a business from Sir David Alliance, he chuckled and slowly counted his fingers with a rueful cry of "All there, but only just".

Sir David is an inveterate deal maker. It was his deal-making skill that helped turn him from the proverbially penniless Iranian immigrant who arrived on Manchester's smoggy streets in the 1950s into the chairman of Coats Viyella, one of the world's largest textile groups, and one of Britain's wealthiest businessmen.

He created Coats Viyella in a series of audacious deals. So far, one deal has eluded him: the chance of taking over Tootal and turning Coats into the dominant presence in the £1.5bn international market for sewing thread.

Sir David has been stalking Tootal for years. Two years ago he scented success when the Tootal board rebuffed an approach from Mr Abraham Goldberg, the Australian industrialist. Coats stepped into the breach by buying Mr Goldberg's 25 per cent stake in Tootal – it eventually emerged with 29.9 per cent – and agreeing terms with the Tootal board in May 1989 for its own £395m ($746m) bid.

But success eluded Sir David as the bid lapsed the following month when the Monopolies & Mergers Commission mounted an investigation.

By the time the investigation was over, the recession-struck textile industry was in such a precarious state that Sir David would only countenance another bid on lower terms. Coats then made an informal approach of around £315m in December 1989 which was rejected by Tootal.

Sir David said that he and Mr Neville Bain, the Cadbury Schweppes executive who joined Coats as chief exective last autumn, have since been talking "on and off" with Mr John Craven, Tootal's non-executive chairman, but to no avail.

He claimed that the rationale for combining Coats and Tootal was "as compelling as ever". The appeal of the new £194m deal lies in merging their sewing thread interests. The two groups dominate the international thread market, but their businesses are largely complementary.

Coats, for instance, is strongest in southern Europe, Latin America and in consumer thread in the US. Tootal's strength lies in northern Europe, Asia and in industrial thread in the US.

The acquisition of Tootal would not only give Coats access to the important Asian market, but would also offer an opportunity to cut costs by pooling administration, marketing and distribution. Some analysts suggest that the combination of this and cuts in central costs could save Coats as much as £25m a year.

Tootal's other textile activities in fabrics and clothing – thread represents roughly half its turnover – could be combined with those of Coats. However, Coats intends to continue with its disposal programme and, if the bid succeeds would probably sell some Tootal's interests too.

Coats' critics are concerned that, as Coats still has a lot more work to do in restructuring its own interests, it is too soon for it to take on the task of restructuring Tootal too. However, the appointment of Mr Bain, who is seen as an energetic figure with the strength to stand up to the forceful Sir David, has helped to alleviate this concern.

Mr Bain said it would take "three or four years" for the full fruits of the Tootal deal to emerge and that it would be "mildly dilutive to earnings this year". But he insists Coats' management is capable of taking on Tootal. For months the City has been convinced that Coats would make another move on Tootal. This conviction was strengthened by the recent senior management changes at Tootal.

But analysts had expected Coats to wait at least until after Tootal's preliminary results for the year to January 31 were published at the end of next month.

Mr Bain claimed that the deterioration in Tootal's performance – analysts now anticipate a fall in pre-tax profits from £36m to £23m for 1990-91 – meant that Coats could not afford to wait while its investment fell further.

Moreover, he said, the passage of time was eroding the scope for synergy between the two companies. He cited the example of North Africa, where the clothing industry is growing and both Coats and Tootal are investing in expansion.

As a result, Coats decided to move sooner rather than later. It has been working on its offer for the past ten days and yesterday rushed out its 1990 results – showing a fall in pre-tax profits from £137m to £106m in 1990 – two weeks earlier than expected to unveil its new £194m offer.

Sceptics suspect that the timing of the deal owes less to concern about lost synergy and more to opportunism. This early bid has, after all, forced Mr Anthony Habgood, Tootal's new chief executive, to muster his defence after less than two months in the post. It has also left him in the dilemma of having to decide whether he could, or should, bring forward Tootal's own preliminary results to include in his defence document.

All of which suggests Sir David, the inveterate deal maker, is mounting this – his first hostile bid – with all his usual skill.

Pearson to sell stake in Elsevier

By Raymond Snoddy in London and Ron van de Krol in Amsterdam

PEARSON, the publishing, banking and industrial group, has decided to sell its 22.5 per cent stake in the Dutch publisher Elsevier. The deal is likely to be worth more than £350m ($661.5m).

The sale will mark the formal end of hopes for a merger of the two international publishing companies. Elsevier holds a 9 per cent stake in Pearson.

The two companies agreed to take a stake in each other in September 1988. One of the reasons for the deal could have been as a defence against Mr Rupert Murdoch, chief executive of The News Corporation, who was seen to be a Pearson predator. This motive has always been denied by the companies involved, however. Mr Murdoch's stake in Pearson has fallen from almost 20 per cent to about 9 per cent.

At the time of the deal, Lord Blakenham, Pearson's chairman and chief executive, talked of an engagement leading to a marriage "as soon as possible".

For more than a year it has been clear that a marriage would be impossible because of the differences between the price/earnings ratios and the share prices of the two companies. Currency movements were also a factor.

Pearson's stake in Elsevier will be placed with banks to sell on to fund managers. Elsevier publishes the influential Dutch daily, NRC Handelsblad, and numerous international scientific publications.

Last week, it is believed, fund managers were being approached by Deutsche Bank and Credit Swiss First Boston about the stake. The Pearson disposal is believed to be imminent and has only been delayed by technical tax details.

At the time of the original deal, it was agreed that if either party wished to sell its stake this would be done in an orderly manner. It is unlikely that Pearson would have decided to sell its Elsevier stake without informing the Dutch company.

The Pearson decision to sell has mainly been taken because the financial relationship between the two companies can go no further. There is said to be no acrimony in the parting. For Pearson, there is also an element of profit-taking.

A spokesman for Elsevier said the Dutch publisher had no plans to sell its stake in Pearson.

Elsevier's shares closed at Fl 77.40 on the Amsterdam stock exchange yesterday, up Fl 0.30 compared with Friday.

UK stores group in rival £150m offer for Grattan

By John Thornhill in London

A BATTLE for control of Grattan, the British mail order company, broke out yesterday when Sears, the UK retailing group, launched a £150m ($285m) bid for the most profitable subsidiary of Next, the ailing British fashion retailer.

Next said it was considering the approach, but it appears increasingly likely that Otto Versand, the German mail order group which has already bid £140m for Grattan, will return to the fray today with a revised offer.

Next's senior management was yesterday in talks with Versand at the company's Hamburg headquarters and a further statement is expected soon.

Mr Geoffrey Maitland Smith, Sears' chairman, confirmed that his company had made an offer for Grattan last month - giving the business a net value of £139m - but was told that Next was already considering a higher bid from the German group.

"We then had the surprise of reading Next's circular and finding that Otto Versand's figure was not substantially higher," he said.

Analysts suggested that Grattan, which has spent £56m on developing a new warehouse in Listerhills, Bradford, would make an excellent fit with Sears' existing home shopping business, Freemans, which was bought for £477m in 1988.

Together they would give Sears over 25 per cent of the UK mail order market, behind Great Universal Stores and Littlewoods.

Mr Maitland Smith said there were benefits to be reaped in merging the businesses in terms of economics of scale, stockholdings and buying muscle. He argued that the Grattan business would also provide a useful "launching-pad" into Europe.

"Grattan has spare capacity and we are finding that we are overstretched. But I cannot say that there will not be some synergies tu come from merging the two businesses," he said, suggesting that some job losses might result.

Mr Roy Maconochie, retailing analyst at James Capel, said Next was prepared to sell Grattan at considerably below its net asset value of £228m because of its current financial difficulties, but that Sears could still not let the auction climb too high.

"Sears has had a reputation for overpaying for businesses in the past and cannot afford to do so in this case," he said.

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Schneider presses Square D suit

By George Graham in Paris

SCHNEIDER, the French electrical and engineering group, has decided to press ahead with its $1.8bn bid for Square D, the leading US manufacturer of electrical distribution equipment, after failing to win the agreement of Square D's board.

Mr Didier Pineau-Valencienne, Schneider's chairman, said the tender offer of $78 a share represented full value for Square D's shareholders, standing 50 per cent higher than the share price before Schneider made public its approach and 20 per cent above the highest levels Square D shares had previously reached.

Mr Pineau-Valencienne has been in discussions with Square D for two-and-a-half years, but said last month that he wanted to make a full offer for the US company because of the heavy trading in its shares.

He had said the bid was conditional on obtaining the acceptance of Square D's board, arguing that the US group needed the weight of Schneider's international network as well as its product research and development if it was to survive in the increasingly competitive market for electrical equipment.

"The board rejected us, but we had the sentiment that numerous shareholders wanted this deal to go ahead," he said yesterday.

The bid is conditional on obtaining a majority of Square D's shares before its expiry date of March 29, and on the removal by the board of the company's anti-takeover defences. Schneider has already drawn up its own list of candidates for the election to the board at the shareholders' meeting due to take place on April 24.

Schneider said an injunction obtained by Square D stopping it from launching a bid had now been modified by the Supreme Court of the state of New York. The new injunction simply prevents Schneider from using confidential information received from Square D in its earlier talks in its offer document.

The takeover bid, which is fully financed by cash and bank credits, has formally been made by SQD Acquisition Co, a new company jointly controlled by Schneider and by its electrical equipment and automation subsidiaries Merlin Gérin and Télémecanique.

Télémecanique itself was acquired by Schneider three years ago after one of the longest and most bitterly contested takeover battles the French stock exchange has so far seen.

Trelleborg ahead despite sales drop after divestment

By John Burton in Stockholm

TRELLEBORG, the Swedish mining, building materials, chemicals and rubber group, lifted profits after financial items for 1990 fell by 16 per cent to SKr2.3hn ($404m), matching the company's forecast released in October.

A dividend increasa to SKr6.50 from SKr6 per share was proposed.

Sales dropped by 5 per cent to SKr25.2hn, since results from its subsidiary Svedala, an ore treatment and mineral processing equipment maker, were only included for the first six months of 1990. Svedala hecame a separately listed company last July.

Sales for other Trelleborg units remained unchanged.

The company's four business areas were reorganised into nina new divisions last autumn. Boliden minerals, the biggest division with sales of SKr3.5bn, suffered a 33 per cent drop in operating profit to SKr417m due to falling metal prices. Profits for Boliden mining operations, with sales of SKr2.6bn, also declined by 28 per cent to SKr415m.

Three of the four divisions created from the Norrviken huilding materials gronp reported profit falls, while the Enertech unit had an earnings increase of 40 per cent to SKr98m.

The ruhher and plastics industrial group saw earnings drop 10 per cent to SKr180m. The yield on working capital fell to 18.6 per cent from 20.6 per cent, while the yield on shareholders' equity dropped to 22.9 from 34.8 per cent.

The debt burden increased to SKr6.4bn from SKr4bn due to acquisitions made during 1990, including several mineral processing companies in Europe.

Nokia advances to FM711

NOKIA, Finland's second largest quoted group, reported an increase in profits before tax and minority interests in 1990 to FM711m ($192m), against FM604m the previous year, writes Enrique Tessieri in Helsinki.

Consolidated operating profit rosa to FM1.08hn from FM978m, while sales fell to FM22.13bn from FM22.79bn.

Mr Hannu Bergholm, senior vice-president, attributed the improvement in Nokia's pretax result on its consumer electronics and mobile phones division, which saw their sales increase by 7 per cent and 33 per cent to FM6.39bu and FM2.33bn respectively.

Telecommunications also saw an improvement in its profitability with sales increasing by 16 per cent to FM2.5bn.

The data division, however, saw its profitability weaken and sales fell 4 per cent.

Continental may list on Milan stock exchange

By Katharine Campbell in Frankfurt

CONTINENTAL, the German tyre company nnder siege from Pirelli of Italy, ls considering a listing of lts shares on the Milan stock exchange.

The announcement comes just over a week before the March 13 extraordinary general meeting in which shareholders will vote on the merger proposal put forward last year by Pirelli.

"In the light of recent developmants and the changed shareholder structure" Continental is giving priority to Milan within its plans to seek international listings in such centres as London and Tokyo, the company said in a statement.

Pirelli claims it has the support of 51 per cent of Continental's shareholders, hut Continental's management has to date rejected the Italtan advances.

No details of the proposed listing were available from the company. It would be the first foreign company be he listed on the Milan exchange.

Some saw the move as a gesture of defiance, in the hope of persuading the Pirelli camp to dispose of its holding.

Court blow to De Benedetti

MR CARLO Da Benedetti yesterday received a further severe blow to his control of Mondadori, the Italian media group, following a court decision strengthening the hand of Mr Luca Formenton, one of his key adversaries, writes Haig Simonian in Milan.

A Milan court ruled that Mr Formenton could have the voting rights to a crucial 25.7 per cant packet of shares in AMEF, Mondadori's holding company, at a general meeting. At an extraordinary meeting, the voting rights for the shares would be up to the court's discretion.

The Amef shares are the determining piece in the puzzle for control of Mondadori, as they provide the balance of power between the factions.

A time for thoughts of retirement gifts

Commerzbank's chief looks towards Crédit Lyonnais, writes Katharine Campbell

BEFORE retiring in May, Mr Walter Seipp, the chief executive of Commerzbank, wants to secure a deal that has long eluded him.

His preferred retirement gift, after a decade at the top of the large German bank restoring a once ailing institution, would be the opportunity finally to tie the knot with majority state-owned Crédit Lyonnais of France by means of a 10 per cent share swap, cementing years of co-operation wlthin the Europartners banking association.

While his enthusiasm is not necessarily shared hy the French, who give no hint a deal is close, it is clear that Commerzbank's attractions as a potential partnar have grown as the focal point of Europe has shifted eastwards. Not least, the bank is huilding an east German network oo foreign bank could manage.

Unlike some, Commerzbank never had amhltions for a retail network outslde Germany, a decision it tends to see vindicsted even if the French deal fails.

"Even the Deutsche Bank cannot become a pan-European bank," observes Mr Seipp – *who began his career there* – pointing to the obstacles Deutsche has encountered estsblishing in France. "Since Herrhausen's daath, the hank's priorities are, I believe, somewhat different," he adds, referring to a retreat from the sweeping international ambitions of Mr Alfred Herrhausen's day.

The Germans can also take advantage of the travails of US and Japanese banks by staying pnt – and enjoying, for instance, fatter international lending margins. Mr Seipp - nicknamed "Walter the tank" for, among other thinga, a dogged persistence - adds that foreign hanks in Germany have mostly stopped luring away his staff. "The times whan the headhunters were combing our personnel lists are gone."

In cootrast to some international banks, Mr Seipp's Commerzhank emerges from the 1980s much healthier. In 1981, he took over an institution that had just made history as the first big German bank to miss a dividend since the second world war. Ha leaves with a strong set of 1990 results and a higher dividend.

Asset-liahility management was the watchword of the restructuring process, and Mr Seipp recalls the overriding importance of the fast-developing swaps market. The bank also learned not to commit errors – "*such as* huying an English merchant bank," he says, in an unmistakable reference to Dautsche's costly acquisition of Morgan Grenfell shortly before the Ango-Saxon takeover market turned sour.

Walter Seipp: sure that independence is the better route

If Commerzbank lives in the shadow of the mighty Deutsche, that does not mean that its chief cannot indulge in the odd jlbe, a liberty Mr Seipp takes frequently – notably again over Dentsche's recent revelatlon that lt will ha providing for Soviet debt in 1990.

"I don't think putting the *Soviet Union in the category* of a Latin American developing country does either the Soviet Union or *ourselves* a service."

An enlarged home market – both through Allfinanz (the trend towards cross-selling banking and insurance products, for which purposes Commerzbank has a stake in the recently-privatised insurer DBV) and eastern Germany, leads Mr Seipp to conclnde that the international contribution to the bank's business could, if anything, decline.

As for east Germany, the bank's decision to go it alone *rather than buying into the* system sounded like post hoc justification for dithering. Mr Seipp appears genuinely convinced that independence was the better route. "People want to see new faces."

"Perhaps Deutsche Bank thought that unification would take longer than it did," he says, hinting that the rival's joint venture with part of the state system was conceived as the only alternative.

"We established that many of the [old state banking] buildings were not even capable of being renovated; and that 90 per cent of tha employees were women, 50 to 60 years old."

Of recent changes allowing companies to issue D-Mark commercial paper domestically, he questions: "Are they really necessary?"

"Big German companies can, after all, go to the Euromarkets." And the call for a flourishing money market comes mainly from foreign banks. "Money funds are the children of inflation and so – thank goodness – much less necessary here," he says.

In most ways, however, Mr Seipp regards himself as an internationalist. "Walter the tank" is best loved overseas for his broadsides at domestic policy – he was critical of the Bundesbank's latest interest rate rise.

These seem likely to continue, for, from his future position as supervisory board chairman released from daily chores (these expected to be assumed by current board member Mr Martin Kohlhaussen), he expects more time for *globe-trotting.*

Baer to pay unchanged dividend

By William Dullforce in Geneva

BAER HOLDING, the parent company for the Julius Baer banking group, said yesterday that shareholders could expect to receive an unchanged dividend despite the 20 per cent slide in net earnings to SFr47.8m ($37.9m) in 1990.

The previous dividend was SFr210 per bearer share, SFr42 per registered share and SFr8.40 per participation certificate. The board has yet to fix the dividend but, as the group is controlled hy the Baer family, yesterday's assurance carries full weight.

The first two months of this year had been substantially higher than expected and better than the previous year, Baer said. Last year the consolidated cash flow fall to SFr83.4m from SFr102m. Net income from commissioos dropped from SFr187m to SFr160m while income from securities at SFr57m was down by SFr5.8m.

Group assets grew by 5 per cent to SFr5.75hn with capital and reserves advancing by 5 per cent to SFr562m.

For the first time, the Zurich-based gronp, the first of the bigger Swiss private banks to go public, disclosed the size of clients' funds it has on deposit and under management.

A total of SFr26hn was placed with the group at the end of 1990, of which SFr22hn was with Bank Julius Baer.

Roughly 15,000 accounts, averaging SFr1.1m each, were held at the Zurich headquarters. More than 80 per cent of the funds placed with the group came from some 3,000 clients, each of whom had deposited more than SFr1m.

Baer had placed 24 per cent of the total funds under its control in shares, 43 per cent in bonds and 26 per cent in money markets. By currency, 33 per cent was invested in Swiss francs, 24 per cent in dollars, 14 per cent in D-Marks and 19 per cent in other European currencies.

This year, Baer switched to a flat-rate fee for asset management. It amounts to 0.3 per cent of the portfolio up to SFr5m and 0.2 per cent of the value ahove SFr5m up to SFr25m. Fees thereafter are negotiable.

Ares-Sereno increases net earnings to $63.6m

ARES-SERONO, the Geneva-based pharmaceutical group, yesterday reported a 2.1 per cent increase in net earnings to $63.6m in 1990, giving earnings per share of $116.94 against $114.53 for the previous year, writes William Dullforce.

The board proposed to pay an unchanged dividend of SFr25 ($19) per bearer share and SFr10 per registered share.

In January, Ares-Serono disclosed a 25.8 per cent climb to SFr658m in turnover during 1990. Excluding favourable currency fluctuations, the growth amounted to 14.5 per cent.

Sales of pharmaceuticals reached $541m, up by 28.7 per cent. Diagnostic sales at $97m rose by 16 per cent with spending on development of the division continuing to be high.

Operating income increased by 10.7 per cent to $129.4m. Ares-Serono said its results showed the impact of its spending on research and development and higher marketing expenses.

The figures had also been influenced by foreign exchange differences of $4.2m, primarily in Latin America, and by higher interest rates.

Turnover growth in the US, where the group has its operating headquarters, had been lower than in previous years. This had been offset by stronger growth in Europe where, however, profit margins were smaller.

Sime Darby lifts pre-tax profit by 14% to M$320m

By Lim Siong Hoon in Kuala Lumpur

SIME DARBY, the Malaysian-based multinational group, improved its mid-term pre-tax profit by 14 per cent to M$320m (US$118.9m) from M$281m despite a 53 per cent drop in contributions from its plantation division.

Results for the half year to last December continued to reflect the shake-up within the group from the effects of the domestic and external markets.

Contributions to group pre-tax profit from its oil palm, rubber and cocoa plantations have fallen from 30 per cent in 1988 to 5 per cent during the second half of 1990.

However, growth in the construction and housing sectors have made up for the decline; Sime Darby's two divisions in property and motor and heavy equipment accounted for a third, or M$107m, of overall profits.

Sime Darby's offshore operations, primarily from Hong Kong and Singapore, provided M$86m, or 27 per cent, to the group, compared with 32 per cent previously.

Sime Darby's mid-year turnover stood at M$2.7bn, up 14 per cent from M$2.4bn.

Profit after tax was 15 per cent higher at M$221m and attributable profit 84 per cent higher at M$247m, thanks mainly to gains from the sale of its land assets.

The group proposed 2 Malaysian cents a share in interim dividend on earnings of 9.1 cents a share, compared with 1.5 cents on earnings of 8.3 cents during the previous period.

● Consolidated Plantations, once Sime Darby's shining star but considerably dimmed by the combined effects of soft markets abroad and declining harvest yields, reported a 9 per cent fall in turnover to M$365m from M$399m.

Its pre-tax profit shrank further by 28 per cent to M$41m, and profit after tax and minority interests was down by 34 per cent to M$19m, or 2.7 cents a share.

However, the sale of thousands of acres in plantation land during recent months gave it an extraordinary gain of M$125m, and raised its attributable surplus by 386 per cent to M$144m. Dividend at 4 cents a share was recommended.

● Tractors Malaysia, the motor and heavy equipment group, has emerged as the largest of the Sime Darby units by turnover with M$656m, up from M$547m.

Pre-tax profit stood at M$73m, compared with M$55m before, while profit after tax and minority interests was M$39m, or earnings of 12 cents a share against 9.7 cents before. Proposed dividend was 7 cents.

● Sime UEP, Sime Darby's housing developer and the fastest growing unit, lifted its turnover 84 per cent from M$114m to M$209m.

Profit before tax rose by 122 per cent to M$46m, and after tax by 133 per cent to M$28m or earnings of 10.1 cents a share compared with 3.1 cents before. No dividend was proposed, however, reflecting the efforts by the group to build up its reserves on account of its land purchases from Consolidated Plantations.

● DMIB, the manufacturing arm, saw its turnover, mainly from tyre sales, rise by 9 per cent to M$158m and pre-tax by 7 per cent to M$20m.

Earnings were M$13.2m, or 4.4 cents a share compared with 3.8 cents before. Proposed dividend is 3 cents.

HK and China Gas ahead 21%

By John Elliott in Hong Kong

HONG KONG and China Gas, the monopoly known as Towngas which is controlled by Mr Lee Shan-Kee's Henderson Land, yesterday reported a 21.2 per cent increase in after-tax profits to HK$648m (US$83m) for the year ended December 31.

This was in line with expectations. It compares with increases of 26.1 per cent in 1989 and 32 per cent in 1988. The company forecast "continued strong performance in the year ahead". Turnover rose by 22.5 per cent to HK$2.23bn. A final dividend of 17 cents with a 10 cent interim makes a total of 27 cents.

Recession causes Boral's first fall in 20 years

By Kevin Brown in Sydney

BORAL, the Australian building materials group, yesterday blamed the recession in Australia and its main overseas markets for its first fall in net profits for 20 years.

The board said net profits fell 28 per cent to A$127.7m (US$101m) for the six months to December, on turnover down 2.3 per cent to A$2bn.

The result was in line with market expectations, but Boral surprised analysts by warning that full-year net profits were likely to fall by around the same percentage.

The interim dividend was maintained at 12 cents, but the board said it would review at the end of the year whether it would be prudent to maintain the total dividend.

The directors said the decline in earnings was "a direct consequence" of the reduction in demand for the group's products which had been apparent throughout 1990.

However, net profits were also affected by a 36.7 per cent increase in interest charges to A$64.6m, as a result of higher borrowings associated with the acquisition of Midland Brick in Perth, and the government's decision to advance the deadline for payment of corporate taxes.

The board said the recession in Australia had seriously damaged demand for building materials. House building and office and hotel construction were worst hit, but there was a modest increase in engineering construction work, including roads and public infrastructure.

Trading conditions in the US deteriorated markedly as a result of a 19 per cent fall in housing starts to the lowest level since 1982.

Profitability of the group's concrete roof tile operation in southern California fell markedly, and asphalt operations were affected by a rise in bitumen prices caused by the Gulf war.

The board said UK operations were hit by reduced demand, "extreme" price competition among masonry manufacturers, and disruption of supplies of fly ash from power stations.

New Zealand operations were also affected by low demand.

The board said the only operations not affected by the economic downturn were in Germany, where the clay brick and tile businesses performed satisfactorily, and the small energy division, which benefited from higher oil prices.

Analysts said Boral's Australian operations appeared to be standing up to recessionary pressures well, but margins were being squeezed in the UK and US, where the group faced greater competition.

The shares closed 6 cents lower in Australia at A$3.60.

● Amcor, the diversified Australian packaging group, has cut its stake in Mayne Nickless, the transport and security group, to 20 per cent from 36 per cent by selling 35.5m shares for A$204.13m, Reuter reports from Melbourne.

J.W. Were and Son and McIntosh Hamson Hoare Govett, the brokerages, placed the shares with unnamed institutions at A$5.75 each, Mr Peter Cairns, Amcor's corporate affairs manager, said.

Malaysian Nestlé arm surges 14%

By Lim Siong Hoon in Kuala Lumpur

NESMAL, the Malaysian subsidiary of the Nestlé food group of Switzerland, raised its 1990 pre-tax profit by 14 per cent to M$106m (US$39.4m) on a 6 per cent higher turnover of M$969m.

Profit after tax rose 15 per cent to M$65m to give earnings of 27.7 cents a share compared with 24.1 cents in 1989, the year it was listed after a capital reorganisation and public divestiture offer.

The group recommended 19 Malaysian cents in final dividend, bringing the year's total to 37 cents, compared with 33 cents in 1989.

Singapore shipping groups perform strongly pre-tax

By Joyce Queck in Singapore

SINGAPORE'S shipping sector continues to record bumper profits.

Sembawang Shipyard, the diversified shipping group, posted a 14.2 per cent rise in pre-tax profits to S$70.36m (US$4.09m) for 1990, from S$61.60m a year earlier. Turnover advanced 9.9 per cent to a record S$435.7m, against S$396.4m, thanks to a 39 per cent rise to S$76m on the ship repairing side.

The group expects improved earnings based on strong demand for ship repair and marine-related services and from its new aviation division which established several joint ventures in China and became agent for Cessna's Citation jet and China's Y series aircraft.

Contributions from associates rose to S$6.1m from S$1.3m. Group attributable profits ended at S$60.1m compared with S$50.2m.

Sembawang Maritime (SML), a listed associate ship repair and salvage group, more than doubled turnover to S$133.1m. Including a S$3m write-back of provisions, SML's pre-tax profits leapt 23.4 per cent to S$17.6m, offsetting investment income that halved to S$3.2m, associates profits slipping to S$843,000, and offshore contracting losses. SML expects sustained profits from marine transport services, harbour towage, ship repair and offshore contracting.

Jurong Shipyard (JSL) enjoyed success similar to Sembawang's as a strong second half pushed group sales up 21.8 per cent to S$386.4m and pre-tax profits up 45 per cent to S$70.6m in the year to December. Contributions from associates' advanced to S$912,000 from S$38,000 and there was extraordinary income from sale of shares and property totalling S$2.2m so that attributable profits almost doubled to S$45.3m.

JSL expects to maintain its performance and will pay a 20 per cent final dividend.

SAATCHI & SAATCHI FINANCE N.V.

(Incorporated under the laws of the Netherlands Antilles)

Notice of a Meeting of the holders of
6¾ per cent. Redeemable Convertible Preference Shares 2003 of £1 each guaranteed on a subordinated basis by, and convertible into Ordinary shares of,

SAATCHI & SAATCHI COMPANY PLC

(Guarantor)

NOTICE IS HEREBY GIVEN that a Meeting of the holders (the "Europreference shareholders") of the above-mentioned shares (the "Europreference shares") will be held at the London Marriott Hotel, Duke Street, London W1 at 11.45 a.m. on 27th March, 1991 (or as soon as practicable after the Separate General Meeting of the holders of the 6.3 per cent. Convertible Cumulative Redeemable Preference shares of £1 each of Saatchi & Saatchi Company PLC shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following Extraordinary Resolution:

EXTRAORDINARY RESOLUTION

THAT, having taken notice of the need for the recapitalisation of Saatchi & Saatchi Company PLC ("Saatchi"), and having read or having been informed of the contents of the Circular to shareholders of Saatchi, Saatchi & Saatchi Finance N.V. ("Saatchi Finance"), and others dated 4th March, 1991 (the "Circular") (a copy of the Circular being produced to the Meeting and initialled by the Chairman for purposes of identification), and having approved the Recapitalisation Proposal of Saatchi Finance and Saatchi upon the terms and subject to the conditions described in the Circular (the "Recapitalisation Proposal"), NOW THEREFORE, in accordance with Article 12, Section 9 of the Articles of Incorporation of Saatchi Finance, and paragraph 19 of the Schedule to the Deed Poll dated 20th June, 1988 made by Saatchi for the benefit of holders of the Europreference shares (the "Deed Poll") it is hereby:

RESOLVED THAT the Recapitalisation Proposal be and is hereby approved and that this Meeting hereby approves and sanctions each and every variation, modification or abrogation of the rights attached to the Europreference shares, whether under their terms of issue or under the Deed Poll, which may be involved in or effected by the implementation of the Recapitalisation Proposal, including (without limiting the generality of the foregoing) the adoption, subject to satisfaction of the "Conditions" as defined and set out in the Circular and with effect on the "Effective Date" (as defined in the Circular), of an amendment to the Articles of Incorporation of Saatchi Finance in conformity with the draft dated 1st March, 1991 of an amendment of such Articles drawn up by Smeets, Thesseling & van Bokhorst, civil law notaries in the Netherlands Antilles, and of amendments to the Deed Poll in conformity with the draft dated 1st March, 1991 of a Supplemental Deed Poll (each of such documents having been deposited with Saatchi Finance and the Paying Agents for the Europreference Shares for inspection by Europreference shareholders prior to this Meeting and copies of such drafts being produced to the Meeting and initialled by the Chairman for purposes of identification), which amendments will, inter alia, provide for:

(a) cancellation of any and all dividend entitlements of the Europreference shareholders, including the accrued dividends for the period from and including 15th July, 1990 to the Effective Date and cancellation of all unmatured coupons appertaining to bearer Europreference shares;

(b) redemption of the Europreference shares on the Effective Date in consideration for Saatchi Finance procuring the issue, to the holders of Europreference shares on the Effective Date, of new Ordinary shares of 10p each in the capital of Saatchi ("New Ordinary Shares"), ranking pari passu with all other Ordinary Shares of Saatchi in issue on the Effective Date and credited as fully paid up, such that upon redemption Europreference shareholders shall receive, for every 2 Europreference shares redeemed, 7 New Ordinary shares and so on in proportion for any greater or lesser amount of Europreference shares held on the Effective Date, provided that:

(i) fractional entitlements to New Ordinary Shares will be rounded down to the nearest whole share; and

(ii) in the case of any registered Europreference shareholder with a registered address in the United States, Canada or Australia (or in respect of whom Saatchi has reason to believe such holder is, or is acting for the benefit or account of, a person in the United States, Canada, Australia or any other jurisdiction in which the delivery of New Ordinary shares pursuant to the terms of such amendments would be prohibited by applicable law), and in the case of any bearer Europreference shareholder, New Ordinary shares will only be issued to such shareholder if Saatchi receives evidence satisfactory to its Board of Directors that such shareholder is not in the United States or any such other jurisdiction, or acting for the account or benefit of a person therein, or that such U.S. shareholder is an "Accredited Investor", as such term is defined in the Circular (in which case New Ordinary shares will be issued to such U.S. shareholder only by means of a private placement in accordance with Rule 506 promulgated under the Securities Act of 1933, as amended (the "Securities Act")) or that delivery of New Ordinary shares to any other such shareholder is not prohibited by applicable laws and in the absence of such evidence the New Ordinary shares which such shareholder would otherwise be entitled to receive upon redemption of his Europreference shares shall be sold in the market as soon as practicable after the Effective Date and the proceeds of such sale (net of all commissions and other expenses of sale) will be paid to such shareholder;

so that on and after the Effective Date the holders of Europreference shares will be entitled to receive the New Ordinary shares (or proceeds of sale thereof in the case of certain overseas holders as mentioned above) but the holders of Europreference shares and unmatured coupons appertaining to bearer Europreference shares shall have no further right to share in any of the profits or assets of Saatchi Finance and no further or other right or entitlement as against Saatchi Finance or Saatchi to any payment of dividends, redemption monies or other consideration on or in respect of their shares or unmatured coupons or to convert their shares into Ordinary Shares of Saatchi; and

(c) the dissolution and liquidation of Saatchi Finance on 31st December, 1991.

VOTING AND QUORUM

The attention of Europreference shareholders is particularly drawn to the requirement that the Extraordinary Resolution be approved by the affirmative vote of the holders of Europreference shares representing more than fifty per cent. of all Europreference shares in issue and two-thirds of the votes cast at the Meeting.

1. A bearer Europreference shareholder wishing to attend and vote at the Meeting in person must produce at the Meeting either his shares or a valid voting certificate or certificates issued by a Paying Agent relative to the shares in respect of which he wishes to vote. A holder of Europreference shares not wishing to attend and vote at the Meeting in person may either deliver his shares or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified office of any of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

   Europreference shares may be deposited until the time being 48 hours before the time fixed for holding the Meeting (or, if applicable, any adjournment of such Meeting), but not thereafter, with any Paying Agent, or (to the satisfaction of the Paying Agent) held to its order or under its control by the Operator of the Euroclear System or by CEDEL S.A. or by any other person approved by the Paying Agent, for the purpose of obtaining voting certificates or giving voting instructions in respect of the Meeting.

   Europreference shares so deposited or held will not be released until the earlier of the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting), and either the surrender of the voting certificate(s) to the Paying Agent who issued the same or, as the case may be, the surrender of the voting instruction receipt issued in respect of such shares to the Paying Agent who issued the same not less than 48 hours before the time for which the Meeting (or, if applicable, any adjournment of such Meeting) is convened.

   Europreference shareholders whose shares are held through accounts with the Operator of the Euroclear System or CEDEL S.A. may give voting instructions in accordance with the procedures notified by them.

2. The quorum required at the Meeting and at any adjourned Meeting for passing the Extraordinary Resolution set out above is two or more persons present holding Europreference shares or voting certificates or being proxies, and holding or representing in the aggregate not less than one-half of the Europreference shares for the time being outstanding. If, within 30 minutes from the time appointed for the Meeting, a quorum for the passing of the Extraordinary Resolution is not present at the Meeting, the Meeting will stand adjourned (for such period, being not less than 21 days nor more than 42 days, and to such time and place, as may be appointed by the Chairman of the Meeting) and the Extraordinary Resolution will be considered at that adjourned meeting. At least 10 days' notice of any adjourned meeting will be given to the Europreference shareholders.

3. Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting or Saatchi, or by one or more persons present holding Europreference shares or voting certificates or being proxies, provided that a poll will be required in order to pass the Extraordinary Resolution. On a show of hands every person who is present in person and produces a bearer Europreference share, or a registered Europreference share certificate of which he is the holder, or a voting certificate, or who is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each Europreference share so produced or represented by the voting certificate(s) so produced or in respect of which he is a proxy.

4. To be passed at the Meeting or at any adjournment thereof, the Extraordinary Resolution requires a majority in favour consisting of more than 50 per cent. of the Europreference shares in issue and not less than two-thirds of the votes cast thereon. If passed, the Extraordinary Resolution will be binding upon all the Europreference shareholders, whether or not present at the Meeting and whether or not voting in favour, and upon all the holders of coupons relating to bearer Europreference shares (all of which unmatured coupons will become void upon redemption of the Europreference shares as contemplated by the Extraordinary Resolution).

GENERAL MEETING OF SAATCHI FINANCE IN CURAÇAO

A General Meeting of Saatchi Finance has been convened for 11.30 a.m. (Curacao time) on 27th March, 1991 at 130 Schottegatweg Oost, Salinja, Curaçao, Netherlands Antilles. Subject to the passing of the Extraordinary Resolution set out above at the Meeting of Europreference shareholders convened by the above Notice, the amendments to the Articles of Incorporation of Saatchi Finance contemplated by the Extraordinary Resolution will be adopted by Saatchi as the holder of all the issued common Shares "A" of Saatchi Finance. Europreference shareholders have no right to vote at the General Meeting but may attend thereat and address such meeting if they wish to do so. A formal notice of this meeting will be published not less than six days before the date fixed for the meeting in a Curacao newspaper and in The Financial Times.

AVAILABILITY OF DOCUMENTS

Copies of the Circular, which sets out details of the Recapitalisation Proposal and of the background to it, and voting certificates and voting instruction forms for use by bearer Europreference shareholders, may be collected at the specified office of any of the Paying Agents set out below. A Europreference shareholder will be required to produce evidence satisfactory to the relevant Paying Agent as to his status as such a shareholder in order to collect such documents.

Copies of the Circular and Forms of Proxy for use by registered Europreference shareholders have been posted to them at their registered addresses.

Copies of the following documents are available for inspection at the specified office of any of the Paying Agents set out below, at the registered office of Saatchi Finance set out below and at the offices of Macfarlanes, 10 Norwich Street, London, EC4A 1BD, during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 27th March, 1991:

(a) the Articles of Incorporation of Saatchi Finance and the Resolutions of the Board of Managing Directors of Saatchi Finance passed on 17th June, 1988 (together comprising the terms of issue of the Europreference shares) and of the Deed Poll dated 20th June, 1988 made by Saatchi, the terms of which are binding on and enure to the benefit of holders of the Europreference shares;

(b) the Notice of the General Meeting of Saatchi Finance to be held on 27th March, 1991 in Curacao, referred to above; and

(c) the drafts of the amendment to the Articles of Incorporation of Saatchi Finance and the Supplemental Deed Poll referred to in the Extraordinary Resolution set out above.

PRINCIPAL PAYING AGENT AND CONVERSION AGENT

S.G. Warburg & Co. Ltd.
Paying Agency,
2 Finsbury Avenue,
London EC2M 2PA

PAYING AND CONVERSION AGENTS

Kredietbank S.A. Luxembourg
43 Boulevard Royal
L-2955 Luxembourg

Swiss Bank Corporation
Aeschenvorstadt 1
CH-4002 Basle
Switzerland

This Notice and the Circular referred to herein, for which Saatchi & Saatchi Company PLC is solely responsible, have been approved for the purposes of Section 57(1) of the Financial Services Act 1986 by S.G. Warburg & Co., Ltd. and Donaldson, Lufkin & Jenrette Securities Corporation, members of The Securities Association. Saatchi Finance is an overseas company and therefore the rules and regulations made under the Financial Services Act 1986 for the protection of investors do not apply to it and the Securities and Investment Board's compensation scheme does not apply in relation to claims in respect of any civil liability incurred by Saatchi Finance.

This notice is important. If Europreference shareholders are in any doubt as to the action they should take, they should consult their stockbroker, lawyer, accountant or other qualified professional adviser without delay.

4th March, 1991

SAATCHI & SAATCHI
FINANCE N.V.

Registered Office:
130 Schottegatweg Oost
Curacao
Netherlands Antilles

Registered Office of the Guarantor:
Saatchi & Saatchi Company PLC
Berkeley Square
London W1X 5DH

INTERNATIONAL COMPANIES AND FINANCE

United's merger plan wins battle for Allied

By Philip Gawith in Johannesburg

THE LONG-RUNNING battle for control of Allied, the South African building society group, was resolved yesterday with the announcement that the original United Building Society-led merger proposal would prevail over the opposing bid from First National Bank (FNB).

This was agreed between United and FNB following discussions undertaken at the request of the South African Securities Regulation Panel.

Under the terms of the United proposal, first announced on January 28, United, Allied, Volkskas and Sage Financial Services (SFS) will merge to form Amalgamated Banks of South Africa (Absa), which will be the country's largest finar ial institution, controlliog assets of about R50bn ($19bn).

Seeing off the opposition comes at a considerable price – up to R110m extra on the original valuation of Allied at R771.8m.

The original terms were 100 Absa shares for every 320 Allied shares held, of which half could be received in cash equivalent to 240 cents for each Allied share.

The revised offer is 100 Absa shares for every 260 Allied shares held, with Allied's price revised up to 275 cents for purposes of the cash offer.

The deal was struck when it became clear that a deadlock had been reached from which nobody stood to gain. Both parties had built stakes in Allied sufficient to have seriously complicated, if not thwarted, each other's attempts to effect a clean takeover.

FNB held slightly more than 25 per cent of Allied and the United camp 42 per cent. The outcome reflects United's dominant position.

Mr Stuart Jones, an FNB representative, claimed that there had been "two winners and no losers". The about-to-be-formed Absa had obviously been a victor.

However, the markat's reaction indicated it was "not all win": United's share price fell from R7.60 to R7.05 on the day's trade.

The high price paid for Allied may also have consequences. But minorities did well from the hattle as they emerged with a considerably higher price for their shares.

Mr Jones maintains that FNB achieved a moral victory in getting the panel to uphold its appeal against the earlier ruling that United and partners were not concert parties. The panel has ruled, however, that United is not required, in the circumstances, to make a mandatory offer to Allied shareholders.

United is to reimburse FNB up to a maximum of R16.75m for the bank's bid battle costs. These relate mainly to underwriting costs incurred by FNB's underwriters, Southern Life and Federated Life.

FNB will suffer losses on the Allied shares it bought in the market at high prices. Half of these will be disposed of under the Absa offer and arrangements will have to be made with other institutions to take up the balance.

In their announcement, the parties acknowledge tha panel's "important role as a catalyst in the resolution of this matter". The panal has been subjected to a torrent of criticism for its initial handling of the takeover.

Gillette forms Soviet link to make shavers

By Nikki Tait in New York

GILLETTE, one of the world's lsrgest manufacturers of shaving products, is to start manufacturing in the Soviet Union for the first time.

The Boston-hased group announced yesterday that it had signed a joint venture agreement with Leninets, the Soviet group involved in manufacturing consumer and scientific products. The aim is to set up a production facility for the domestic Soviat market, with yearly capacity of up to 750m units.

Yesterday, Gillette said that it would have a 65 per cent stake in the joint venture arrangement, and manufacturing control. The cost to the US company of estahlishing the facility – which is expected to employ about 600 people – was put at $60m.

Gillette said that most of the staff would be local, with less than 2 per cent coming from outside the Soviet Union.

The new plant will make a variety of shaving products, including blades, shavers and disposable razors. The emphasis will be on twin-blade razors.

However, the Soviet facility will not make Gillette's "Sensor" razor. This is the group's latest product, and has been credited as a force that has aided tha company's revival.

Sensor razors, which have replaceahle hlade cartridges, were introduced in tha US, Europe and Japan a year ago.

Gillette has operations elsewhere in eastern Europe, but the Soviet plant is expected to be among the three largest overseaa mannfacturing facilities owned by the group. Operations should start there hy 1992.

The Soviet market is viewed as one of the largest for blades in the world.

It has been estimated that there are about 100m male shavers in the Soviet Union, compared with about 80m in the US.

Recession hits jeweller

By Nikki Tait

THE SPARKLE went out of Tiffany & Co's profits in the fourth quarter to the end of January, suggesting that even the top end of the US retail market was feeling the pinch.

Tiffany, the New York-based jewellery retailer, said yesterday that it made $15.1m in the final quarter compared with $16m in the year-ago period. However, its profits for the year advanced to $36.7m from $33.3m.

The jeweller acknowledged the problems presented by the state of the US economy and the effect on consumer spending patterns. It said the number of transactions had risen, hnt customers seemed to be shopping more cheaply.

Sales in the fourth quarter stood at $142m, np from $129.7m. For the year, the figure increased to $455.7m from $384m. The group claimed that the results benefited from the gronp's overseas operations, saying that international business had been "very strong".

The group plans to open stores in Canada, Frankfurt and Japan this year.

TNT express freight units to be combined

By David Owen

TNT, the debt-laden Australian transport group, is to amalgamata its international express freight businesses into a single entity to be known as TNT Express Worldwide.

The operation will be based in Amsterdam, employ nearly 11,000 staff and have yearly revennes of approximately US$1.2bn. The group said that the move was in response to tha increasing internationalisation of express freight markets.

Sir Peter Abeles, TNT deputy chairman and chief executive, said that between 400 and 500 employees would lose or have to change their jobs.

"We are not talking about large numbers," he said. Some of those affected would be offered positions in TNT companies serving single-country markets.

Sir Peter said that TNT would save "tens of millions of dollars" by avoiding duplication of overheads. "Bnt our main motivation was hrand simplification," he said. Businesses to be amalgamated include TNT Skypak, TNT Mailfast, TNT Express Europe and XP Express.

A new management team headed hy Mr John Mullen, chief executive, and Mr Paul Moorhouse, chief operating officer, has been formed to oversee the operation which offers to deliver "anything anytime anywhere".

TNT Express Worldwide aims to be to express freight delivery "what Hoover is to vacuum-cleaners", according to Mr Moorhouse. "We hope we will clean up in a different way," he said.

Last month TNT unveiled a 31.5 per cent decline in interim net profit to A$49.4m (US$38m), hlaming the reverse on the Gulf war and recession in some of its main markets.

Sir Peter said yesterday that the group had lost "tens of millions" as a result of the situation in the Gulf. "We lost one of our most profitable revenue sources for eight months," he said.

Ghostbusters' fall from favour puts Tonka in red

By Karen Zagor in New York

TONKA, the third higgest US toy-maker which has agreed to be acquired hy Hashro in a deal valned at $470m, yesterday reported an unexpectedly large fourth-quarter net loss and predicted a loss for the first quarter of 1991.

The company, whose products include Play-Doh, Tonka trucks and the Monopoly board game, attributed its poor performance to a sharp decline in sales of its Ghostbusters toys.

Tonka's fourth-quarter net deficit was $18.5m, or $1.27 a share, compared with net earnings of $1.3m, or 13 cents, a year earlier. Stripping out extraordinary items, Tonka had a net loss of $18m compared with net earnings of $3.3m. Shares outstanding increased to 14.6m from 10.4m.

For the year, Tonka turned in a net loss of $43.9m, or $3.01 a share, on revenues of $788.5m, compared with net profits of $5.7m, or 67 cents, on revenues of $870.5m.

Excluding one-time items, Tonka's net loss was $43.4m against net earnings of $7.7m in 1989.

The deterioration in revenues was attributed to rednced sales of Tonka's Real Ghostbusters prodnct line, which fell by $104m in the year, and to discontinuation of the Sega video game line, which generated revenues of $53m in 1989.

Tonka increased its bad debt provisions for troubled retail accounts to $8.9m from $2.7m.

The company said yesterday that its bank group had agreed to waive fourth-quarter financial performance requirements relating to minimum net worth, interest coverage and debt-to-net-worth ratio.

Safren up despite downturn

SAFREN, the industrial holding company with interests in the shipping and leisure industries, overcame a slowing economy to increase turnover and profits for the six months to the end of Decemher, writes Philip Gawith.

Turnover rose by 3 per cent to R2.11bn ($815m) from R2.05bn for the year-ago period, and operating profit was 8 per cent higher at R383.7m against R355.5m.

Attributable profit rose 11.3 per cent to R120m from R107.8m. Of this, R41.6m came from shipping operation Safmarine, R19.6m from freight business Rennies and R57.5m from Kersaf, the hotel and leisure division.

Kersaf's contribution grew by 18.5 per cent, Safmarine's by 11.8 per cent and Rennies' by 7.2 per cent.

Safmarine experienced a 14.3 per cent decline in import volumes from its major European trade routes due to the Gulf war and global downturn.

Kersaf's good performance was largely due to healthy casino revenues, while Rennies was affected by the impact of smaller trade volumes on its freight business.

Earnings a share rose by 10.8 per cent to 225 cents from 203 cents, and the interim dividend was lifted to 60 cents from 55 cents.

This announcement appears as a matter of record only.

Southwestern Bell Corporation

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Southwestern Bell International Holdings Limited

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The undersigned initiated this transaction, assisted in the negotiations and acted as financial adviser to Southwestern Bell Corporation.

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Interest Period:
6th March, 1991 to
6th September, 1991

Interest Amount per
£500,000 Note due
6th September, 1991:
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SEK, Sweden	12 *	11⅛
GBP, England	11¼*	12⅜
ESB, Spain	12¼*	12⅞
ECU, European Currency Unit		8¾
	(*subject to alteration)	

(Current rates as at 4 FEB 91)

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INTERNATIONAL CAPITAL MARKETS

Treasuries edge higher ahead of jobless data

By Karen Zagor in New York and Stephen Fidler in London

US treasuries edged higher yesterday morning in quiet trading as the market settled into a holding pattern ahead Friday's release of employment data for February.

At mid-session, the bellwether 30-year bond was ⅛ higher at 95$\frac{21}{32}$, yielding 8.26 per cent while the two-year note was up $\frac{1}{32}$ to yield 7.14 per cent.

The Federal Reserve entered the open market to arrange $1.5bn in customer repurchase agreements to replace the liquidity drained on Friday by high treasury balances at the Fed. The Fed's target for Fed funds is thought to be around 6¼ per cent.

There was little bond market reaction to the release of new home sales for January, which fell 12.3 per cent to 408,000, following a revised December decline of 4.3 per cent from an estimated 6.7 per cent.

Now the Gulf war is over, the market is braced for a return of consumer confidence and with it economic revival. There is widespread belief the Fed will not rush to ease monetary policy unless the February employment numbers are exceptionally weak.

■ The French government bond market gave up some of last week's gains on disappointment that an expected official interest rate cut failed to materialise.

Significant positions had been built up in shorter maturities in apparent anticipation that a reduction in interest rates would be signalled by official action in the money markets. However, sentiment that such a cut would take place in coming weeks appeared to remain intact.

More French government paper is to be auctioned this week. Dealers said they expected FFr6bn to FFr8bn of bonds to be auctioned, comprising the 9½ per cent OAT of 2001 and possibly the 30-year issue, the 8½ per cent of 2019.

Suggestions are emerging in the market that the government will aim to lengthen the maturity of its debt by buying in some paper maturing in 1991 and 1992. According to some market expectations, this would be exchanged for two-year and five-year paper. This would have the further advantage of adding liquidity to existing issues in this sector of the market, while getting rid of outstanding illiquid bonds.

The weakening of the market led to some widening of the yield spread between the French and the uninspired German market yesterday. The difference between the 10-year benchmarks widened to 71 basis points at the close, against the day's high of 74 basis points, and Friday's close of 67 basis points.

The German market gave up 25 to 30 basis points in moderately active trade.

■ The UK government bond market lost some ground despite an announcement of an unexpected rise of $431m in Britain foreign currency reserves. Much of this was apparently due to foreign contributions to the British war effort, so the figures were taken as less significant than usual. The long gilt future on Liffe lost ½ point as 13,500 contracts changed hands. One long benchmark gilt – the 11¾ per cent of 2003-07 slipped by up to $\frac{7}{32}$ point on the day to close yielding 10.22 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13 500	09/92	103-22	-05/32	10.84	10 70	11 45
		9.000	03/00	92-29	-11/32	10.22	9.07	10.00
		9 000	10/08	92-11	-11/32	8.92	9 73	8.80
US TREASURY *		7.750	02/01	87-21	+04/32	0.10	7.01	7.92
		7.875	02/21	95-21	+08/32	0 27	8.08	8 11
JAPAN	No 119	4 000	6/99	08 3100	+0.371	7.03	0.68	8 74
	No 129	8 400	03/00	98.5598	+0.418	8 68	6.32	8.57
GERMANY		9 000	01/01	103.8500	-0.300	8.40	8.29	8.61
FRANCE	BTAN	9.000	02/96	98.9587	-0.153	9.26	9.23	9.89
	OAT	9 500	01/01	102.4600	-0.320	9 10	8 97	9 44
CANADA *		9.750	08/01	100.3000	-0 500	0.70	0 54	9 96
NETHERLANDS		8.500	03/01	98 8600	-0 130	8 87	8 54	8 78
AUSTRALIA		13 000	07/00	108.1915	+0.473	11 54	11 44	11.58
BELGIUM		10.000	08/00	104.3500	-0.050	9.27	8 09	9.29

London closing, *denotes New York morning session
Yields: Local market standard — Prices. US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Italy cuts stamp duty on equity dealings

By Haig Simonian in Milan

MR Attilio Ventura, the chairman of the Milan stockbrokers' association, yesterday described as "more than positive" the Italian government's decision to halve the stamp duty on equity dealings.

In a bid to improve the international competitiveness of Italy's stock exchanges, which have suffered from months of uncertainty over the introduction of capital gains tax and wider reforms, the government has also abolished stamp duty on equity deals by non-residents.

Under the new system, Italian residents will pay duty at 0.05 per cent against 0.10 per cent previously.

The decision reflects a "precise and concrete will on the part of the government in relation to the problems of the market in order to make it competitive with other European centres", Mr Ventura said.

Italian brokers have been particularly concerned about the growing numbers of Italian shares changing hands on the International Stock Exchange's SEAQ International system in London.

Stamp duty on equities has been a relatively small source of income for the government, raising some L136bn ($118.3m) last year, according to one estimate.

Meanwhile, stamp duty on government bond dealings has been raised, with a new minimum of L5,000 against L1,000 previously, and a maximum of L1.8m, up from L1.6m before.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. — Latest prices at 8.10 pm on March 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101⅛	101⅞		8.11
ALBERTA PROVINCE 9 3/8 95	600	103⅞	104⅛	-⅛	8.35
AUSTRIA 8 1/2 00	400	99⅛	99⅞		8 62
BANK OF TOKYO 8 3/8 96	100	98½	99	-⅛	8.75
BELGIUM 9 1/8 92	400	102	102⅜		7.65
BFCE 7 3/4 97	150	97½	98		8.29
BNP 8 5/8 94	300	101⅛	101⅛		8.12
[illegible]					
WORLD BANK 7 1/4 92	100	100	100⅛		7.20

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	95	95¼		6.71
CANADA 4 3/8 92	80000	96⅝	96⅞	-⅛	7.11
CREDIT FONCIER 5 1/4 94	20000	95⅛	95⅝		6.73
DENMARK 7 95	40000	101½	101⅞		6 55
EIB 4 5/8 94	40000	94⅞	94⅝		6.63
GENERAL ELECTRIC 5 3/4 93	35000	97⅞	97⅞		7.13
INTER AMER DEV 7 1/4 00	30000	103⅝	103⅞	-⅛	6.70
ITALY 5 3/4 92	150000	98⅛	99	-⅛	7 12
KANSAI ELEC PWR 4 5/8 94	60000	94	94⅛		6.78
NIPPON TEL & TEL 5 7/8 96	50000	96⅛	97	-⅛	6.58
NORWAY 5 1/8 95	50000	95	95⅛	-⅛	6.55
SWEDEN 5 5/8 95	20000	96⅛	96⅝		6.62
WORLD BANK 6 3/4 00	50000	100⅛	101	-⅛	6.64

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	92	93	-⅛	9.86
KREDIETCORP 7 93 LFr	1000	93⅞	94⅞	-⅞	9.96
WORLD BANK 8 96 LFr	1000	94½	95½	+⅛	9 38
ALBERTA PROVINCE 10 92 C$	500	99⅞	100⅛		10.11
BCE INC 9 5/8 93 C$	300	98½	99	+⅛	10.40
BELL CANADA 10 5/8 99 C$	150	100⅞	101⅛	+⅛	10 44
BRITISH COLUMBIA 9 1/4 93 C$	150	98⅛	98⅞	+⅛	10.18
[illegible]					

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]					
GOODYEAR TIRE 6 7/8 03	150	42⅛	87	88	+25 29
GRACE (WR) 6 1/4 02	100	6.58	112	113	+1 51
GRAND MET 6 1/4 02 £	400	1.91	97⅛	98⅞	+45 96
HAWLEY 6 02 PREF	150	4.16	106	107	+98 63
HILLSDOWN 4 1/2 02 £	200	68⅛	98⅛	99⅛	+10.56
INTL PAPER 5 3/4 02	84	6.72	89⅝	96⅛	+11 53
LAND SECS 6 3/4 02 £	300	2727.1	99	101	-0 24
MITSUBISHI BK 1 3/4 02	85	39 077	76	77	+31 99
OGDEN 6 02	75	3.749	112⅛	113⅛	+0.74
PACIFIC DUNLOP 6 3/4 97	300	82⅞	82	83	+66 26
TEXAS INSTRUMENTS 2 3/4 02	103	7 45	110⅛	111⅞	+18.89
THORN EMI 5 3/4 04 £					

Further sections (DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, FLOATING RATE NOTES): [illegible]

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

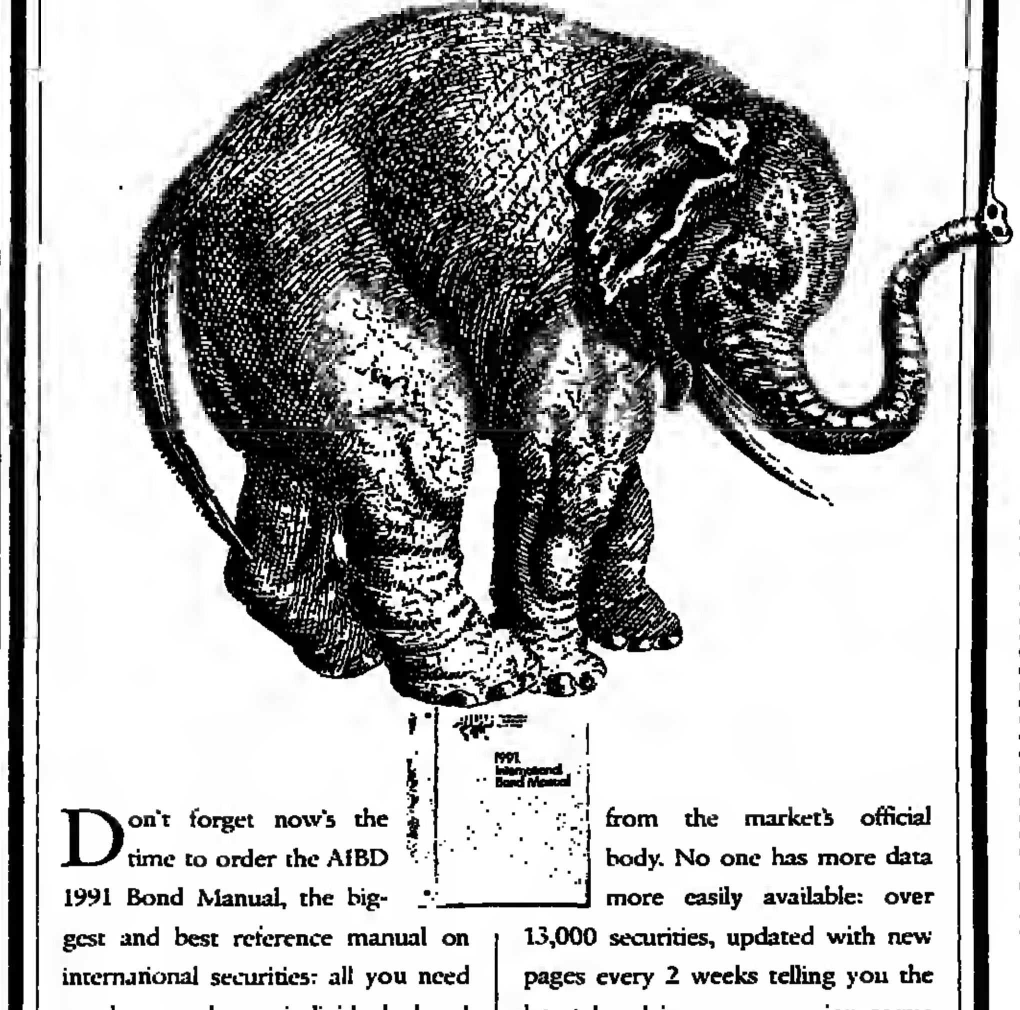
FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, March 4 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99 25	52 3194	34 048	38 6186
Albania	(Lek)	10 0798	5 3135	3 4579	3 9221
Algeria	(Dinar)	31 0094	16 346	10 6375	12 0655
Andorra	(Fr Fr)	9 9225	5 2306	3 4039	3 8608
	(Sp Peseta)	181 35	95.5983	62 2126	70 5642
Angola	(Kwanza)	59 391	31 3078	20 3742	23 1093
Antigua	(E Carr $)	5 1238	2 701	1 7577	1 9936
Argentina	(Austral)	18633 55	9822 64	6392.3	7250 41
Aruba	(Florin)	3.3969	1.7906	1.1653	1 3217
Australia	(Aus $)	2 4410	1 2867	0 8373	0 9498
Austria	(Schilling)	20 475	10 7933	7 024	7 9669
[illegible]					
Ghana	(Cedi)	662 55	349 262	227 29	257.802
Gibraltar	(Gib £)	1 00	0 5271	0 343	0.3891
Greece	(Drachma)	314.05	165.561	107 736	122.198
Greenland	(Danish Krone)	11.1875	5 8974	3 8379	4 3531
Grenada	(E Carr $)	5 1238	2 701	1 7577	1 9936
Guadaloupe	(Local Fr)	9 9225	5 2306	3 4039	3 8608
Guam	(US $)	1 8970	1	0.6507	0 7381
Guatemala	(Quetzal)	9 62	5 0711	3.3001	3 7431
Guinea	(Fr)	1176 57a	620.227	403 626	457 809
		569 31r	300.111	195 304	221 521
Guinea-Bissau	(Peso)	1233 50	650 237	423 156	479.961
[illegible]					
Namibia	(S A Rand)	4 9187	2 5928	1 6873	1.9138
Nauru Is	(Australian $)	2 4410	1 2867	0 8373	0 9498
Nepal	(Nepalese Rupee)	57.69	30 4111	19 7907	22.4474
Netherlands	(Guilder)	3.2850	1.7316	1 1269	1.2782
N'nd Antilles	(A/Guilder)	3.3969	1.7906	1.1653	1.3217
New Zealand	(NZ $)	3 1680	1 67	1 0867	1.2326
Nicaragua	(Cordoba)	9868040 00	5201919	3385262	3839704
Niger Rep	(CFA Fr)	496 125	261 531	170 197	193 045
Nigeria	(Naira)	18 5026	9 7536	6 3473	7.1994
Norway	(Nor. Krone)	11 3775	5.9976	3 903	4 427
Oman	(Rial Omani)	0.7283	0.3839	0 2498	0.2833
Pakistan	(Pak Rupee)	42.50	22.4037	14 5797	16 5369
Panama	(Balboa)	1.8970	1	0.6507	0.7381
Papua New Guinea	(Kina)	1 7928	0.945	0 615	0.6975
Paraguay	(Guarani)	2506 50	1321 3	859 863	975 292
Peru	(New Sol)	1 0627	0.5602	0.3645	0 4135
Philippines	(Peso)	51 00	26 8845	17 4957	19 8443
Pitcairn Is	(£ Sterling)	1.00	0.5271	0.343	0 3891
	(NZ $)	3 1680	1 67	1 0867	1.2326
Poland	(Zloty)	18044 0	9511 86	6190 05	7021 01
Portugal	(Escudo)	254.40	134.106	87.2727	98 9883
Puerto Rico	(US $)	1 8970	1	0.6507	0.7381
[illegible]					
Venezuela	(Bolivar)	102.59	54 0[illegible]		
Vietnam	(Dong)	13758.32	7252[illegible]		
Virgin Is-British	(US $)	1.8970			
Virgin Is-US	(US $)	1 8970			
Western Samoa	(Tala)	4 3286	2 2[illegible]		
Yemen	(Rial)	22.8673	12 0[illegible]		
Yemen PDR	(Dinar)	0 8748	0 4[illegible]		
Yugoslavia	(Dinar)	26 2737	13 8[illegible]		
Zaire Rep	(Zaire)	6006 0	3166[illegible]		
Zambia	(Kwacha)	95.83	50.5[illegible]		
Zimbabwe	($)	5.27	2[illegible]		

Special Drawing Rights March 1,1991 United Kingdom £0.742796 United States $1 41057 Germany D Mark 2.16734 Japan Yen187 987
European Currency Unit Rates March 4,1991 United Kingdom £0.702937 United States $1.33333 Germany D Mark 2 05040 Japan Yen180.333

Abbreviations (a) Free rate, (b) Banknote rate; (c) Commercial rate; (d) Controlled rate, (e) Essential imports; (g) Financial rate, (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods, (m) Market rate, (n) Public transaction rate, (o) Official rate, (p) preferential rate; (q) convertible rate, (r) parallel rate, (s) Selling rate: (t) Tourist rate (u) Currencies fixed against the US Dollar; ♦ Kuwaiti Dinar unavailable.
Some data supplied by Bank of America, Economics Department, London Trading Centre Enquiries: 071 634 4360/5
Monday, March 4, 1991.



INTERNATIONAL CAPITAL MARKETS

Paper targets range of investors

By Tracy Corrigan

A STEADY stream of medium-sized issues launched in a variety of currencies, reflected opportunistic funding in the Eurobond market yesterday, rather than any strong trend, with paper targeted at e range of investors.

INTERNATIONAL BONDS

The National Bank of Hungary returned to the D-Mark bond market with a DM200m five-year transaction, launched by Commerzbank. Concern about worsening economic conditions in eastern Europe has pushed up the funding costs of borrowers such as Hungary and Czecboslovakia over the past year. Hungary's funding costs have risen about 100 basis points, so the state is now paying a margin of about 250 basis points over bund yields.

However, there is still support for such paper from German retail investors, for whom the 10½ per cent coupon, last seen on Mexico's recent DM300m transaction, acts as a trigger. The Hungary deal was quoted just outside two point commissions.

Crédit National, the French industry-financing institution, launched a FFr650m issue of eight-year bonds via Société Générale. Investors have the option to receive new bonds in lieu of interest payments, so the bonds effectively offer a hedge against falling interest rates, similar to a zero-coupon structure. French insurance companies, which like to lock in long-term interest rates, were the main buyers of the paper, dealers said. The paper is not expected to be actively traded in the secondary market.

The deal was launched at a spread of 11 basis points above the comparable French treasury yield, which means that investors are paying a premium of around 37 basis points for their option to receive bonds instead of cash, according to the lead manager.

Société Générale launched a FF1bn issue witb the same structure last month.

Quebec became the latest in e string of Canadian provinces to access the Canadian dollar sector this year, with a C$250m five-year deal. Investor perception of Quebec, not one of the strongest province names with a AA-/AA3 credit rating, has suffered in the last year or so as a result of concerns that French Canadians' separatist aims would be realised. Spreads in tbe Canadian domestic market have widened more sharply than in the Eurobond market, however.

Quebec's 10½ per cent Eurobonds were priced to offer a spread of 80 basis points over Canadian government bond yields. The province would have had to pay around 10 basis points more in ths domestic market, dealers said.

The recent spate of issuance has sapped demand for 10-year paper, but there is still retail demand for new issues at the five-year area, although the Qnehec deal was considered rather aggressively priced.

Swiss Bank Finance issued a $150m five-year deal guaranteed by Swiss Bank Corporation. Lead manager SBC, which placed the bulk of the issue itself, reported strong demand from retail investors in Switzerland. The issue will refinance a $200m deal maturing on March 28, the payment date of ths new issue.

In the Australian dollar sector, Unilever's Australian unit launched an A$100m seven-year deal via Dentsche Bank Capital Markets.

● Citibank, the biggest US bank, is to offer a diversified, open-end mutual fund, Landmark International Equity Fund. It will focus on long-term growth, agencies report from New York.

Citibank said the fund will invest primarily in common stocks of foreign issuers, but also may invest in other types of foreign securities snch as preferred stocks, convertible and non-convertible bonds and warrants. Minimum investment in the fund is $1,000.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Swiss Bk.Finance(a)†	150	8¼	101.785	1996	1⅞/1⅝	SBC
CANADIAN DOLLARS						
Province of Quebec(a)†	250	10½	101.35	1996	1⅞/1⅝	Scotia Mcleod
AUSTRALIAN DOLLARS						
Unilever(Australia)(a)†	100	12	101.05	1998	2/1¼	DBCM
D-MARKS						
Nat.Bk.of Hungary(a)†	200	10½	99.75	1996	2/1¼	Commerzbank AG
Showa Leasing Co.(b)**‡†	65	(b)	100	1996	-	Sumitomo Bk.AG
FRENCH FRANCS						
Credit National(c)†	650	9¼	100	1999	-	Societe Generale
YEN						
Nippon Seiko KK(a)†	20bn	7.2	181.8	1998	1⅞/1¼	Yamaichi Int.(Euro.)
Nissan Cap.of Am.(a)†	6bn	7	100.825	1993	1⅛/⅝	Daiwa Europe

**Private placement. §Convertible. #With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon pays 30bp over 6-month Libor. Non-callable. c) Investor has option to receive coupon or new bonds. Non-callable.

Halifax in MTN programme

THE Halifax Building Society has set up a DM500m medium-term note programme. The programme, arranged by Deutsche Bank, is the first for a UK borrower in the D-Mark MTN market. Dentscbe and WestLB have been appointed dealers, writes Tracy Corrigan.

Under the programme, Halifax can issue fixed-rate, floating-rate and zero coupon notes with maturities ranging from two to 30 years.

Halifax, the UK's largest building society, has a debt rating of AA1 by Moody's and AA by Standard & Poor's, the US rating agencies.

Separately, another UK company, the Boddington Group, set up a short-term financing programme, its first venture into the capital markets apart from a convertible loan stock issue.

The £50m commercial paper programme was arranged by NatWest Capital Markets, joint dealer in the paper with Barclays de Zoete Wedd.

Paper maturing in seven to 364 days may be issued under the programme.

● London Electricity's £150m commercial paper programme has been assigned a short-term debt rating of prime-1 by Moody's and of A1 plus by S&P, the US rating agencies. S&P said the rating reflects the company's modest gearing, diversified customer base and stable prospective cash flows.

Central Guaranty falls 64%

CENTRAL Guaranty Trust, a key company in the financial services gronp of Montreal entreprenenr Mr Leonard Ellen, has reported a 64 per cent drop in 1990 profit and announced a new president, writes Robert Gibbens.

Mr Warren Moysey, who left Canadian Imperial Bank of Commerce in a policy disagreement last year, will be president and chief operating officer in charge of retail operations. The existing president, Mr George Anderson, becomes chairman.

Central Guaranty earned C$27.5m, or 46 cents a share, last year, against C$76.7m, or $1.31 in 1989. Revennes were C$1.88bn against C$1.75bn. Total assets under administration were C$29bn at year-end.

Central Guaranty has been through e year's restructuring after running into beavy debt problems. Mr Anderson said 1991 will be critical. Debt is down C$256m to just over C$500m, while non-performing loans for residential and commercial developments are below the industry average.

● Royal Bank of Canada, Bank of Nova Scotia and National Bank of Canada have joined Banque IndoSuez, Crédit Lyonnais and Société Générale to help finance a feasibility study for Canada's planned C$5bn bigb-speed train between Quebec City and Windsor at the Ontario-US border.

Equity funds aims at Latin America

By Stephen Fidler, Euromarkets Correspondent

TWO country funds designed to make mainly equity investments in Latin America have been launcbed in the past week. If successful, they will provide more evidence of the growth of the region as a target for international investments.

The Baring Puma Fund, to be listed in London, is seeking to place up to 10m shares at $10.50 each. The fund will not go ahead unless more than 6m shares are placed.

The other, to be listed on the Irish Stock Exchange in Dublin, is the Genesis Condor Fund. It is seeking to place 5m shares at $10.35 apiece. Principal egents for the placing are Smith New Court, Cazeoove and NCL Investments.

Investment management of the Puma fund will be delegeted to Baring Americas Asset Management. It will invest mainly in equities listed on Latin American markets, although it may also invest in deht. Tbe shares will he cleared through the international clearing agencies, Cedel and Euroclear.

The Genesis Condor fund manager will be Genesis Fund Managers, a group set up in 1988 with assets under management of $220m of which over $100m is invested in Latin America.

Both funds will initially invest in five countries — Chile, Mexico, Brazil, Argentina and Veneznela. Later they may both invest elsewhere in Latin America and in the Caribbean.

ANZ opens Chile office

AUSTRALIA and New Zealand Banking Group has opened a representative office in Santiago, Chile, agencies report.

Mr John Ries, chief general manager international banking, said the office would take advantage of the growing presence of Australian companies in Chile and the increasing trade and investment flows it has with Pacific-rim countries.

Gulf aid takes sting out of Ankara debt squeeze

John Murray Brown looks at Turkey's economy

THE Gulf crisis has been a mixed blessing for the management of Turkey's $42bn of foreign debt.

Aid flows from Turkey's role in the crisis will undoubtedly take pressure off the balance of payments. Before departing for Europe last month to drum up further support, Mr Gunes Taner, economics minister, predicted that Turkey's aid contributions would double in 1991.

Donor contrihntions — either grants or tied aid, soft loans which must be spent with the lender country — look capable of covering half of the projected $4bn needed this year to service public debt, which at the end of November stood at $29bn.

Bnt Turkey's problem is one of timing with much of the aid flows committed but not yet disbursed. Besides, few officials believe the windfall will last long. With tourism revennes depressed, investment down, along with remittances from Turkish workers overseas, one Istanbul banker said he expected Turkey to be back in the commercial loan market by the second quarter this year.

Year-end debt repayments are bunching awkwardly. A $1.5bn fall in Turkey's foreign exchange position in January suggests the government may already have had trouble meeting its existing repayment schedules. Last week, the central bank, in moves aimed at attracting capital inflow and bolstering tbe currency, increased lira deposit rates.

According to balance of payments projections, total repayments of principal and interest are set to reach $7.2bn in 1991. Having already received over $900m in 1990 in grants and soft credits, Turkey is counting on a further $2bn in grants in the current year. The Emir of Kuwait is expected to double the $300m grant provided in 1990. Saudi Arabia has agreed to supply $1.16bn worth of oil, delivered at market prices, $960m of which has still to be disbursed in 1991. Turkey also has commitments of $680m in trade-related credits given at concessionary rates from Japan, the European Community and other donors.

But this year's aid flows represent little more than a blip on the long-term debt picture. Commercial and trade credits predominate.

Of the $42bn public and private external debt, $13bn is owed to banks, $10bn is backed by official credit agencies and $9hn to multilateral bodies such as the World Bank.

The government traditionally has borrowed medium term and left the short-term financing to the private sector. The treasury's policy has been to roll over the equivalent of 75 per cent of the maturing debt, with new borrowings repaying the remainder by raising funds domestically.

Gunes Taner: aid contributions may double in 199

The Turkish central bank yesterday raised lower and upper rate limits on overnight Turkish lira transactions in the interbank market.

"By lifting the rate quotations we will help interbank interest rates to form freely on the market," the central bank said. Rates on the secondary lira market jumped to 110 per cent. Previously the lower and upper limits of rates for overnight transactions were 67 per cent and 70 per cent respectively.

The debt strategy depends on keeping reeerves high, while diversifying exports. With such a large proportion of the debt carrying floating rate interest — as opposed to fixed rates attached to soft loans — Turkey remains vulnerable to external shocks.

The treasury is all too aware of the problem and under a programme managed by the World Bank is now looking at liability management techniques, to hedge against interest rate and exchange fluctuations. A team of four treasury officials is currently training in France and the US.

Ths treasury's immediate task is to curb a sharp rise in short term liabilities, the main reason behind the $3bn increase in debt stock in 1990. This was fuelled by a surge in imports coupled with the dollar's appreciation which tempted many Turkish businessmen to borrow offshore to finance trade.

This month, Bank of Tokyo successfully arranged a Y34bn ($252.7m) syndication for five Turkish development banks. This was part of Japan's official Gulf aid programme and was thus at concessional rates and was guaranteed 90 per cent by the ministry of international trade and industry of Japan.

Turkey's last medium-term borrowing, the real test of a country's creditworthiness, was in July — a five-year $200m credit, lead managed by Bank of Tokyo with an interest rate of Libor (London inter-bank offered rate) plus 85 basis points.

Turkey, like many capital importing developing countries, is suffering as banks seek to meet international capital adequacy ratios and international liquidity dries up. The appeal of Turkish risk has also diminished since the decision last autumn of Kuwaiti and other Arab banks to raise funds by offloading Turkish and other debt. Equally, the sqneeze felt by Japanese banks, hitherto important lenders in Turkish syndications, is starting to bite.

Up to October, Turkey was able to offset this lack of medium-term borrowing, using aid flows to meet its repayments. But, since the war, bankers say even the short-term debt has dried up.

From now on much will depend on factors such as the price of oil.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Mar 4 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Mar 1 Index No.	Thu Feb 28 Index No.	Wed Feb 27 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (187)	850.87	+0.3	12.64	5.65	9.63	0.85	848.11	841.79	823.83	841.14
2	Building Materials (24)	1156.91	+0.2	12.29	5.27	10.00	0.55	1154.94	1141.72	1132.98	1022.29
3	Contracting, Construction (31)	1383.81	+0.7	12.93	5.65	10.03	3.90	1374.77	1358.79	1308.93	1395.96
4	Electricals (10)	2364.99	+1.2	11.94	5.64	10.25	0.80	2337.32	2310.18	2250.46	2326.54
5	Electronics (26)	1772.47	......	8.90	5.04	14.94	1.55	1771.71	1769.07	1752.71	1862.89
6	Engineering-Aerospace (8)	444.93	+0.2	16.44	5.59	7.33	0.86	444.04	440.22	431.74	412.48
7	Engineering-General (47)	434.31	+1.3	13.61	5.95	8.84	1.15	428.58	423.67	415.98	454.45
8	Metals and Metal Forming (8)	480.38	+1.1	18.99	7.18	6.50	0.00	475.12	464.32	449.13	467.91
9	Motors (13)	342.59	-0.3	14.54	7.00	8.01	0.00	343.78	338.91	324.08	348.45
10	Other Industrial Materials (20)	1480.90	-0.1	11.39	5.49	10.16	0.71	1482.54	1486.09	1446.82	1520.29
21	CONSUMER GROUP (182)	1351.32	......	8.94	3.88	13.88	3.44	1352.07	1351.66	1335.49	1205.13
22	Brewers and Distillers (22)	1692.94	-0.5	9.47	3.69	13.02	7.47	1701.11	1701.44	1684.55	1381.06
25	Food Manufacturing (20)	1126.63	-0.3	10.21	4.32	12.07	1.69	1130.08	1136.50	1129.18	1043.56
26	Food Retailing (16)	2482.69	-0.3	8.53	3.12	15.34	3.15	2489.90	2483.72	2491.52	2247.46
27	Health and Household (21)	2916.84	+0.5	6.25	2.71	18.93	0.91	2901.94	2904.73	2816.05	2385.64
29	Hotels and Leisure (22)	1323.04	+0.6	10.32	5.18	11.50	9.06	1314.53	1300.54	1283.97	1474.66
30	Media (25)	1344.31	......	10.86	5.12	11.62	7.81	1344.96	1337.73	1321.58	0.00
31	Packaging & Paper (11)	605.55	+1.0	8.69	5.69	14.10	0.30	599.57	603.85	601.39	553.17
34	Stores (34)	860.44	-1.1	9.87	4.24	13.19	1.76	870.04	871.33	870.11	763.85
35	Textiles (11)	495.04	+6.0	10.73	6.49	12.00	0.65	467.13	460.51	450.89	490.62
40	OTHER GROUPS (111)	1150.98	......	10.97	5.20	11.07	2.56	1150.39	1145.32	1132.13	1147.02
41	Business Services (12)	1084.51	+1.3	11.53	4.97	10.55	0.26	1070.14	1069.33	1070.71	0.00
42	Chemicals (21)	1237.86	+0.7	9.85	5.76	12.35	0.77	1228.88	1216.04	1192.85	1185.67
43	Conglomerates (11)	1522.60	-0.3	11.21	6.77	10.64	6.83	1526.80	1525.14	1503.03	1579.80
44	Transport (15)	2180.72	+0.8	11.99	4.67	10.29	1.82	2162.53	2154.25	2120.74	2233.34
45	Electricity (12)	1123.29	-0.2	10.98	6.27	10.99	0.00	1125.00	1124.92	1126.68	0.00
46	Telephone Networks (3)	1279.12	-1.2	10.45	3.95	12.44	0.00	1294.21	1286.42	1273.03	1175.38
47	Water (10)	2437.16	-0.2	13.91	5.75	8.03	39.69	2441.45	2431.46	2445.48	1997.59
48	Miscellaneous (27)	1830.87	+1.1	10.35	4.95	11.25	1.37	1810.66	1805.48	1771.29	1839.56
49	INDUSTRIAL GROUP (480)	1171.13	......	10.37	4.68	11.82	2.47	1170.43	1166.78	1150.67	1109.28
51	Oil & Gas (20)	2334.50	-0.5	11.10	5.68	11.80	34.91	2346.22	2340.82	2308.88	2343.24
59	500 SHARE INDEX (508)	1269.19	......	10.47	4.81	11.82	4.88	1269.40	1265.57	1248.13	1211.55
61	FINANCIAL GROUP (98)	804.57	+0.3	-	6.00	-	2.87	802.00	795.63	787.77	793.44
62	Banks (9)	882.32	+0.7	17.66	6.75	7.40	5.83	876.45	862.34	850.13	868.51
65	Insurance (Life) (7)	1447.73	-0.6	-	5.30	-	0.00	1456.89	1465.99	1452.89	1268.87
66	Insurance (Composite) (6)	702.12	+0.8	-	6.16	-	0.00	696.36	690.68	685.43	644.30
67	Insurance (Brokers) (8)	1068.11	+0.5	6.92	6.04	18.92	7.94	1062.50	1052.82	1057.14	1050.77
68	Merchant Banks (7)	405.01	+0.3	-	5.04	-	0.00	403.86	406.59	407.83	482.30
69	Property (41)	1024.82	-0.3	6.48	4.59	21.13	1.26	1027.76	1025.38	1014.96	1094.04
70	Other Financial (20)	276.22	......	9.09	6.52	13.89	2.30	276.10	274.32	272.63	315.05
71	Investment Trusts (69)	1147.03	+0.1	-	3.56	-	4.03	1146.33	1136.39	1117.14	1142.14
99	ALL-SHARE INDEX (667)	1154.87	......	-	4.95	-	4.39	1154.48	1150.01	1134.70	1109.45

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 1	Feb 28	Feb 27	Feb 26	Feb 25	Year ago
FT-SE 100 SHARE INDEX‡	2382.9	-4.0	2396.7	2378.7	2386.9	2380.9	2348.0	2322.2	2335.5	2230.5

FIXED INTEREST

	PRICE INDICES	Mon Mar 4	Day's change %	Fri Mar 1	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	120.97	+0.01	120.96	2.11	1.70
2	5-15 years (31)	130.68	-0.17	130.91	1.84	2.69
3	Over 15 years (8)	138.17	-0.23	138.48	1.98	2.24
4	Irredeemables (6)	152.18	-0.58	153.08	2.28	1.50
5	All stocks (73)	129.90	-0.12	130.06	1.98	2.32
	Index-Linked					
6	Up to 5 years (2)	158.43	-0.03	158.48	0.26	1.03
7	Over 5 years (10)	144.39	-0.14	144.58	0.59	0.89
8	All stocks (12)	145.32	-0.13	145.51	0.56	0.90
9	Debs & Loans (54)	110.18	+0.12	110.04	2.40	1.67

	AVERAGE GROSS REDEMPTION YIELDS		Mon Mar 4	Fri Mar 1	Year ago (approx.)
	British Government				
1	Low	5 years	9.40	9.38	11.36
2	Coupons	15 years	9.79	9.77	11.05
3	(0%-7¾%)	25 years	9.96	9.92	10.93
4	Medium	5 years	10.31	10.29	12.70
5	Coupons	15 years	10.16	10.12	11.48
6	(8%-10¾%)	25 years	10.08	10.04	11.03
7	High	5 years	10.46	10.44	12.80
8	Coupons	15 years	10.33	10.28	11.70
9	(11%-)	25 years	10.24	10.17	11.20
10	Irredeemables	†	10.09	10.03	10.90
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.75	3.72	4.54
12	Inflation rate 5%	Over 5 yrs.	4.17	4.16	4.01
13	Inflation rate 10%	Up to 5 yrs.	2.32	2.29	3.61
14	Inflation rate 10%	Over 5 yrs.	3.99	3.97	3.84
15	Debs &	5 years	11.86	11.98	13.59
16	Loans	15 years	11.61	11.64	13.09
17		25 years	11.40	11.40	13.09

‡Opening Index 2395.9; 9 am 2392.3; 10 am 2387.4; 11 am 2387.7; Noon 2394.7; 1 pm 2392.7; 2 pm 2385.8; 2.30 pm 2385.9; 3 pm 2388.4; 4.10 pm 2380.0; (a) 8.35am (b) 3.54pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	63	19
Corporations, Dominion and Foreign Bonds	1	4	16
Industrials	615	178	759
Financial and Properties	223	87	437
Oils	22	17	53
Plantations	1	1	8
Mines	36	24	103
Others	58	31	61
Totals	960	405	1,456

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings March 4
● Last Dealings March 15
● Last Declarations June 13
● For settlement June 24

For rate indications see end of London Share Service

Calls in ADT, Avive Pet., BTR warrants 94/95, Brent Walker, Burton, Control Secs., Costain, Elliott (B), Finlay (J), First Nat. Fin., Ford Sellar Morris, Gorton Eng., GEC, Howden, Johnston Ind., Low (Wm), Lynx Hldgs., Merley, McInerney Props., P & P, Pavilion Leis., Recal Electa., Retners, Saatchi & Saatchi, Telemetrix, Trafalgar House, Tuskar Res. and Unigroup. Puts in Clinton Cards and Docbus. Puts and calls in ABI Leis and WPP.

LONDON TRADED OPTIONS

[illegible]

UK COMPANY NEWS

Triple blessed Persimmon sees profits fall only 11%

By Andrew Taylor, Construction Correspondent

SHARES IN Persimmon jumped yesterday by 17p to 245p after the company announced that pre-tax profits fell by 11 per cent in 1990, from £32.55m to £28.84m.

Much bigger profit falls have been recorded by other housebuilders, some of which have been unable to cover dividend payments with earnings.

Mr Duncan Davidson, chairman, said the group was raising its final dividend from 4.5p to 4.85p making a 10 per cent increase for the year to 7.15p (6.5p). That was covered 3.3 times by earnings per share of 24p (27.3p).

Persimmon builds homes mainly in the Midlands, northern England and Scotland. These regions have been less badly affected by the housing market collapse than south east England where the group's operations are small.

The number of homes sold by Persimmon rose last year by 13 per cent from 1,796 to 2,028. Average selling prices fell 6.4 per cent, from £71,881 to £67,257.

The group had been able to boost sales by selling more cheaper priced homes to first time buyers, most notably in the midlands and north east.

Mr Davidson said pre-tax margins had fallen from 25.2 per cent to 21.1 per cent. Higher connection charges by the privatised water companies had pushed the group's costs up by £2m a year. Interest charges rose to £4.96m (£4.3m).

The group had managed to avoid provisions against its housing operations because of the "cautious" values given to the landbank.

It had hoped to add to its land bank by purchasing "fire sale" land from hard pressed builders which had been forced to sell to avoid going bust. There had, however, been very few such opportunities, said Mr Davidson. Many companies with attractive sites were hanging on to them.

He expected the housing market, after almost three years in recession, would improve later this year as the effect of lower interest rates boosted buyers' confidence.

● COMMENT

The benefits of building houses north of the River Trent, o long land bank and a sound balance sheet cannot be overstated in the current housing market recession. Persimmon is triple blessed. Gearing is only 32 per cent while its landbank, much of it acquired at low prices, means it has the flexibility to increase sales if profits look like falling too far too fast. Indeed, the group appears to have held back in Scotland last year which would allow it to step up the pace this year if required. Nonetheless, it looks like being another tough year in the housing market and Persimmon will do well to repeat last year's profits. This still leaves the shares looking a little cheap notwithstanding its low exposure to south east England, where history suggests the housing recovery will start first.

Mountleigh US bid founders on price

By Vanessa Houlder

MOUNTLEIGH, the UK property company run by two US entrepreneurs Nelson Peltz and Peter May, has called off its takeover talks with The Fairchild Corporation, a Virginia-based group with a variety of industrial interests.

Mountleigh announced three weeks ago that it was having "tentative" discussions with Fairchild over a $280m (£141m) offer. A spokesman for Mountleigh said that the talks had foundered over price.

The company emphasised that the disclosure of the preliminary proposal was only made as a result of a SEC filing requirement of Fairchild.

A spokesman for Mountleigh said that the company continued to seek a large acquisition in a field not related to property, probably in Europe.

Hunter Saphir cuts debt to £11m

By Maggie Urry

HUNTER SAPHIR, the fruit and vegetable distributor and food manufacturer, is strengthening its balance sheet and reducing the stake held in the company by directors and the Saphir family, through a £14.2m issue of convertible redeemable preference shares.

The issue will boost the company's Saphir's net assets to £17.8m and reduce net debt to £10.7m, cutting gearing from 185 per cent in the February 1990 balance sheet to about 60 per cent.

Mr Nicholas Saphir, chairman, said the group had been looking at ways to improve the balance sheet and this process had been temporarily disrupted by a bid approach in February, which came to nothing.

The new convertibles, if swapped for ordinary shares, would make up 49 per cent of the enlarged capital and bring the family's stake down from nearly 30 per cent to 15 per cent.

At the same time the group has come to an agreement with Berisford International, the commodities and property group, which holds 20 per cent of Hunter Saphir's ordinary shares and a £9.9m 4.97 per cent convertible. This removes the threat that Berisford would force redemption of the convertible in January 1992.

The group also issued a statement on current trading. It said that production problems at its Matthew Walker Christmas pudding subsidiary would cost it about £1m in the year just ended. Other parts of the business were performing well, though. Hunter Saphir shares rose 2p yesterday to 70p.

The issue of convertibles has been conditionally placed with institutional investors led by 3i, County Natwest Ventures and CIN Venture Managers. Holders of the ordinary shares have a clawback option, although it will not be taken up by the family or Berisford. The new convertibles will not be listed.

The issue is of 12m A convertibles, with a coupon of 9¾ per cent and conversion price of 58p, and 3m B convertibles with an 11 per cent coupon and a 100p conversion price. The clawback offers shareholders 4 A convertibles and 1 B convertible for every 8.23 shares held at a price of 100p for each convertible share.

Hunter Saphir will redeem half the convertible held by Berisford at a cost of £4.75m, and has changed the coupon and conversion terms on the remaining stock to match those on the new B convertible. Berisford will receive phased repayment of its remaining convertible shares over the next three years.

Mr Saphir had previously exercised the voting rights on Berisford's holding of ordinary shares but under the agreement will no longer do so. Berisford cannot increase its stake above 20 per cent until January next year and cannot hold more than 25 per cent in Hunter Saphir until 2007.

FIH sells Globe Data for $7.25m

By Michiyo Nakamoto

Ferguson International Holdings, the packaging, printing and cable television group, is selling Globe Data Systems, its wholly-owned US printing subsidiary, for $7.25m to Hammond Kennedy Whitney, a US conglomerate.

Mr Denis Cassidy, Ferguson's chairman, said the sale would enable the group to focus its operations more tightly on core activities and reduce gearing from about 60 per cent to about 40 per cent.

Globe, which prints tickets, tags and data processing cards, made pre-tax profits of $1.4m in the year to February, 1990.

Part of the cash consideration from the sale of Globe, which will not realise a profit over the acquisition price, will be used to fund expansion in the cable components business through the acquisition of Interstate Cable Enterprises. Ferguson is acquiring the cable components supplier based in Florida, for a cash consideration of $800,000.

Debt-laden Ransomes falls 37% to £9m

By David Owen

DISAPPOINTING CONSUMER sales, spiralling interest costs and the moribund property market have taken their toll at Ransomes, the grass-cutting machinery manufacturer.

The Ipswich-based company yesterday reported that pre-tax profits for the year to December 31 had slid by 37 per cent to £9.04m (£14.4m) – the lowest level since 1986.

This was in spite of a 30 per cent increase in turnover to £165.23m (£126.62m). Sales benefited from the inclusion for a first full year of the Cushman and Westwood businesses acquired in August 1989.

In the light of its problems, the group has opted to trim its final dividend by 0.1p to 4.1p. If approved, this would make an unchanged total of 6.15p.

It also leaves the company with a retained loss of £2.61m. "We obviously can't go on paying dividends that are not covered," said Mr Bob Dodsworth, chief executive. He would be "reluctant" to pay an uncovered dividend two years running.

Interest costs more than doubled to £8.84m (£4.28m), while year-end debt of £64m left gearing static at 116 per cent.

"We are disappointed that we did not get debt down more in 1990," Mr Dodsworth said. "We ended up with more finished goods in stock than we should have been carrying."

The lion's share of operating profit with £16.75m (£10.52m) was contributed by the commercial division which performed well despite a small decline in UK sales.

Alan Harper

Bob Dodsworth: can't go on paying uncovered dividends

By contrast, profits from consumer grass machinery were slashed to just £501,000 (£2.18m), and from property to £626,000 (£5.98m). The group has still to sell its Maidenhead premises from which it is eventually hoping to realise some £4m.

Geographically, North America has become much the biggest source of Ransomes turnover, contributing £75m, against £39.2m in 1989. The UK and the EC countries chipped in with £39.2m (£43.4m) and £38.4m (£35.8m) respectively.

Mr Dodsworth said that operating profit in 1990 would have been £750,000 higher had currencies been translated at prevailing 1989 exchange rates.

On a fully diluted basis, in the light of the £53m issue of convertible preference shares which part-funded last year's acquisitions, earnings per share plummeted to 7p (17p). However, undiluted, the decline was even sharper to 1.6p (16.9p).

The group said that its 1990 tax charge had been adversely affected by £1.4m as a result of a write-off of ACT.

● COMMENT

With interest rates edging downwards, the market seems to have taken Ransomes under its wing as a recovery stock. The shares climbed a further 4p to 104p yesterday, against a recent low of 66p reached on February 1. But with the group's debt-load remaining obstinately high, the jury is still very much out on the company. It seems to have precious little in reserve to weather yet another dry European summer, although capital spending will no doubt be trimmed in line with depreciation and there remains the possibility of a property windfall from Maidenhead. That said, the logic of the Cushman and Westwood deals still looks sound enough and the company is now well placed to benefit quickly when an improvement in consumer markets does materialise. Those who *know* that this year's lawns will be lush might feel that the shares are worth a flutter. The more prudent (or less well-informed) will continue to sit it out. Profits of between £12.5m and £13m are forecast for 1991.

Savage cuts French businesses

By Clare Pearson

SAVAGE GROUP, the USM-quoted hardware company, is selling most of its investments in France as part of a plan to cut borrowings which it devised when it faced a shareholder revolt last autumn.

The sale of most of its shareholding in Groupe Triplex, a DIY company, and all of its holding in LFM, a power tool accessories and fittings company, will produce £2.77m in cash and £1.91m through repayment of an inter-company loan.

These proceeds, together with the exclusion of the French companies' debt from the Savage group, will cut gearing to about 50 per cent, the company said.

After the disposals Savage will retain a seat on the board of Groupe Triplex and a 10 per cent shareholding, which it may require LFM to buy. It also retains an option to purchase the Triplex's shelving division. The disposals will result in an extraordinary loss of about £4.6m.

Savage also announced yesterday that it had fallen into an interim pre-tax loss of £816,000 (against a profit of £961,000) of which £500,000 was attributable to the two French companies.

In December the company, which had expanded rapidly by acquisition in the late 1980s, repelled an attempted management coup after telling institutional shareholders that it would embark on an extensive disposal programme.

The half-year results included extraordinary costs of £785,000. Mr Doug Rogers, chairman, said these mainly related to an egm requisitioned in December at which proposals for the appointment of new directors, headed by Mr Brian Cox, the former chairman of Camfort Engineering, were rejected.

On the results, Mr Rogers said yesterday trading had deteriorated in the final two months of the six months to end-December after making an encouraging start to the year.

Six-monthly turnover was £62.5m (£60.6m), but trading profits were depressed by the increased share of the total taken by lower margin business in Germany and Holland. The interest charge rose to £2.23m (£2m). The loss per share was 3.7p (compared with a loss of 0.5p). There is no interim dividend (1.5p).

Etonbrook Properties seeks listing

By Vanessa Houlder, Property Correspondent

Etonbrook Properties, which was formed under the Business Expansion Scheme, has applied for a listing on the Stock Exchange.

Formed in February 1985 under the name Palmerston Property Developments, it initially raised £3.1m.

It has carried out three office developments and a retail warehouse in London and southern England, three of which have been sold. In addition it has refurbished two further office buildings.

The company has a cash balance of £1.5m but anticipates using debt finance in any acquisition.

It believed there were good opportunities for acquisitions but only if there was no significant deficit between the actual or anticipated income flow and the cost of borrowing.

Viscount De L'Isle, chairman, said the company's main purpose in seeking a listing was to meet the undertakings given to the original investors under the Business Expansion Scheme.

The company made earnings per share of 34.5p in the six months to September 30 1990, when its assets were £6.06m.

Foreign banks included in deal with Nadir

By David Barchard

FOUR FOREIGN banks were included in the creditor's group which recently reached agreement with Mr Asil Nadir, the Polly Peck chairman and chief executive.

A report in today's edition of Les Echos, the French business newspaper owned by the Pearson Group, says that Paribas Suisse, Commerzbank, Credit Suisse, and First Chicago, were belatedly allowed to join the action brought against Mr Nadir by BZW, Merill Lynch, Shearson Lehman, and Carr Kitcat & Aitken in the UK.

The claims against Mr Nadir appear to have arisen from long-standing loans to him made well before the collapse of the group last autumn. In this respect they differ from the British claimants whose claims arose from share purchases by Mr Nadir last autumn.

Several of the loans were not to Mr Nadir in person but to Restro, a trust company controlled by him.

Paribas Suisse, which specialises in a refined form of private banking, is owed £20m. The three other banks claimed lower amounts. Les Echos says that the British Inland Revenue was also a creditor associated in the deal and its resolution but does not indicate its exact role.

UK COMPANY NEWS

Suter drops 31% to £24m after write-down

By Jane Fuller

SUTER, the industrial holding company headed by Mr David Abell, saw pre-tax profit fall by 31 per cent to £24m in 1990 following a £3m write down in the value of a US investment.

The previous year's taxable figure of £34.8m inclnded a £3.4m profit from the sale of share stakes. Mr Abell said that, leaving aside associate companies, the value of the group's investments was only £1.5m by December.

Trading profits from the continuing distribution and industrial operations rose to £27.1m (£25.7m), representing 95 per cent of the group total compared with 72 per cent in 1989, he said.

Interest charges jumped to £4.4m (£700,000) and year-end borrowings increased to £40m (gearing of 81.6 per cent). Mr Abell said interest cover was comfortable at 6.5 times.

The debt increase followad the purchase of Chemoxy International, a Middlesbrough-hasad chemicals group, and Raffel, a continental heat exchangers company. A total of £24m was spent on acquisitions, which contributed about £4m to trading profit.

Group turnover inched ahsad to £202.1m (£198.1m). Sales increased by 17 per cent in ongoing businesses, while £25.1m of the 1989 total was attributable to discontinued operations.

Profits improved in environmental products.

DTI investigations launched in July 1988 and April 1989 are still continuing into the ownership of six companies with Suter links. Mr Abell disclosed yesterday that he had spent "between £100,000 and £250,000" so far on a possible libel claim against Channel 4, which in late 1987 broadcast a programme raising questions about share transactions.

The industrial group's trading profit, including chemicals, rose to £21.5m (£19.7m).

In distribution, profit fell to £5.6m (£6m). An improvement in refrigeration was more than offset by a sharp decline in haircare.

Group results were belped by a £3.4m (£400,000) profit on property disposals.

Suter has spent about £20m over tbe past two years buying in sbares, reducing the total by about 12 per cent to just over £106m. Mr Abell said the average price paid was 170p.

This helped cushion the bill for a dividend increase from 8.4p to 8.8p after a maintained final of 5.6p. Earnings per share fell 26.5 per cent to 15p (20.4p).

● **COMMENT**

Suter has made much of the improved quality of its earnings following the switch away from dealing in shares and property. 8ut the erratic nsture of those profits has heen replaced by the more humdrum swings and roundabouts of its assorted "core" businesses. With 70 per cent of sales in the UK and interest payments set to approach £5m this year, tha downswings seem to have the edge. While the news is encouraging on the near £70m of sales related to refrigeration and on Chemoxy, haircare and production equipment could deteriorate further. In the automotive businesses, recessionary effects have taken over from one-off problems. Assuming no property profit, the pre-tax figure is forecast to fall to £23m, giving a prospective p/e of 8.8. The shares have recovered to 127p from a low of 83p in January. The discount reflects high gearing, the erosion of shareholders' funds through goodwill write-offs and tha DTI cloud. Snpport is offered by the more than 9 per cent yield.

Trevor Humphries

David Abell: value of investments was only £1.5m

Serco rises 20% as margins are maintained

By David Owen

SUNBURY-BASED Serco Group has reported a solid 20 per cent advance in taxable profits, supported by its dependable raft of long-term facilities and project management contracts.

Pre-tax profits for the year to December 31 climbed to £4.32m on turnover of £78.4m, against £3.61m on turnover of £58.62m in 1989.

The group said that its margins were holding but that a string of small acquisitions completed during the latter part of the year had made a relatively higher contribution to turnover than to profit after writing off restructuring costs.

The purchases were aimed at positioning the group to expand in the developing UK local authority market and in the management of central government facilities in Australia and New Zealand.

The total cost of the acquisitions, which contributed to a steep risa to £567,000 (£343,000) in interest payable, was approximately £1.4m.

An increase in the group's effective tax rate meant that earnings per share climbed by only 13 per cent to 28.9p (25.6p) at the basic level and 12 per cent to 27.1p (24.1p) fully diluted. A final dividend of 7.5p (6.5p) was recommended, making a total of 11p (9.5p) — an advance of nearly 16 per cent.

Shares in the company, which joined the main market in May 1988, climbed 10p to 405p.

Sintrom in talks about offshoot

Sintrom, tha compnter services company which installs network systems and distributes compnters, has received a proposal from a third party to acquire its distrihntion and maintenance businesses.

A sharp rise in its share price prompted the company to announce last week that it had received an approach that may or may not lead to an offer for the company.

Full listing for split-level Geared Income

Geared Income Investment Trust is joining the main market via an offer for subscription of a minimum of 10m shares, and a maximum of 25m shares, at 100p eacb, writes Philip Coggan.

The new trust, managed by Broker Financial Services, will invest in split capital investment trust shares. About 85 per cent of the trust's funds will be invested in income shares, with the aim of prodncing a gross divideod yield at the offer price of 10.25 per cent.

The remainder of the fund will be invested in investment trust warrants, capital shares and stock market index warrants to provide some capital growth.

The trust's launch aims to take advantage of the new Personal Equity Plan rules. Investors will be able to buy the maximum £6,000 of GIIT shares for tax years 1990-91 and 1991-92.

Minimnm investment is £1,000 and applications must be made from March 28. SG Warburg is handling the flotation and has received firm nndertakings to subscribe for 10m shares.

Drayton Blue Chip makes delayed move to market

By Philip Coggan, Personal Finance Editor

DRAYTON BLUE Chip Trust, a split capital investment trust, is joining the main market after being forced to postpone its flotation last week.

There are two classes of shares — preferred growth and ordinary income. The former are designed to grow from £1 to £2.17 per share over the trust's seven-year life. The latter aims to give investors a high and growing income, with an initial yield of about 11.2 per cent.

The postponement was caused because the trust is designed for investors with Personal Equity Plans (PEPs). Invesco MIM, the managers, had planned to launch a PEP — called the Guaranteed Growth PEP — based on the preferred growth shares. However, the Investment Management Regulatory Organisation (IMRO) recently discouraged the use of the word "guaranteed" on investment products.

The PEP has been renamed the Secure Growth PEP; there is also an extra income PEP based on the ordinary income shares.

Up to 20m of each class of share are being offered at 100p each. Applications must arrive by March 22 and dealings are expected to start on March 28.

Holders vote for liquidation of Ambrose Inv

Shareholdsrs have voted to liquidate the Ambrose Investment Trust despite the opposition of another split capital investment trust, River Plate and General, which had made a bid approach, writes Philip Coggan.

A vote to liquidate was passed by 5.4m to 1.79m shares, achieving the necessary 75 per cent majority.

Last month, River Plate and General, which owned 21 per cent of the income shares, was able to block a plan to unitise the trust.

This prevented the investment trust from attaining the necessary majority in a separate vote of income shareholders.

Howaver, the liquidation vote lumped together shareholders in both the capital and income shares, leaving River Plate and General with just 15 per cent of the equity.

Having won the vote on the liquidation issue, the Ambrose board will now re-present the unitisation plan solely to the capital shareholders. These bolders had previously voted overwhelmingly in favour.

The income shareholders will be repaid in cash.

Triplevest ends 25-yr life

Triplevest, one of tbe first generation of split-level investment trusts, has come to the end of its 25-year life.

Income shares have heen repaid at par, 50p, with a special 12.5p dividend representing accrued income up to February 27.

Holders of the 6m capital shares had three exit choices (with numbers of acceptances):

● MIM Britannia General Equities Trust, a new unit trust, on the basis of 25 units for each capital share (2.88m).

● Abtrust UK Growth Fund on the basis of 48.02 units for each share (2.89m, including 2.06m controlled by the Merchant Navy Officers Pension Fund).

● Drayton English and International Trust, a new investment trust, on the hasis of 15.63 shares with nav of 98.66p for each share (233,110).

NEWS DIGEST

Microvitec slips into £2.42m loss

MICROVITEC, the USM-quoted computer peripberals manufacturer which had a management shake-np last year, reported a shift from profit to loss in 1990, but said it had managed to trade profitably in the fourth quarter.

The Bradford-based company made a pre-tax loss of £2.42m last year, after exceptional provisions of £785,000, compared with a profit of £1.28m in 1989. Turnover fell from £32.15m to £23.44m.

Earnings per share of 3.1p became a loss of 6.2p, and the dividend is cut from 1.5p to 0.3p with a final of 0.2p.

The provisions comprised £435,000 for rationalisation costs and £350,000 to cover losses on a disputed contract in the US.

Mr James Bailey, chairman, said: "We have improved margins during the last six months, which has helped us to trade profitably in the fourth quarter. New products and new markets are helping to revitalise the company."

Most divisions help Unidare advance

Unidare, Dublin-based electrical group, achieved an increased pre-tax profit for the year ended December 31 1990, np from I£4.12m to I£5.07m (£4.64m).

The welding, heating and plastics operations, Tinsley Wire and the Dutch subsidiary all turned in strong performances, helping boost sales to I£99.72m (I£96.51m). Sales of storage heaters continued to decline, resulting in a loss for Unidare Environmental.

Earnings per share amounted to 26.24p (22.63p). A final dividend of 10.3p is proposed, making a total of 14.2p for the year (13.6p).

An extraordinary profit of I£752,000 relates to the disposal of the group's cable division in June 1990.

Yale offer unconditional

Williams Holdings, the industrial conglomerate, yesterday declared unconditional its recommended all-share offer for Yale and Valor, which values the locks and domestic appliance group's ordinary shares at £404m. Williams shareholders, wbo yesterday approved the offer at an extraordinary general meeting, beard the group bad acceptances in respect of 75.2 per cent of Yala and Valor's shares.

Yale and Valor slso announced it would declare a special second interim dividend of 12.65p per per ordinary share for the year to March 31.

New chief for Fitch

Mr Rodney Fitch is to relinquish his role as chief executive of Fitch-RS, tbe design group he founded, bnt will remain as chairman of tha company.

Mr Martin Beck, who runs RichardsonSmith, Fitch's product design business in the US, as president and chief executive officer, will sncceed Mr Fitch as group chief executive.

Fitch — best known for its retail design schemes — is suffering from the downturn in the UK design industry. It reduced its workforce from 550 to 440 last year, has shed 10 staff through natural wastage this year, and is trying to sell the new headquarters in London which it moved into last summer.

Mr Fitch has been group chief executive for little more than five months. He took np the position in September following the surprise resignation of Mr Ian Cochrane.

Reece satisfactory despite recession

The reconstructed Reece group made a pre-tax profit of £415,000 in the 15 months ended December 31 1990, which is considered satisfactory in view of the recession and the fact that it did not include a full contribution from hnsinesses acquired.

For the previous year the group profit was £901,000.

A year ago tbe company, then known as Cauldron, reversed into Reece, a cycle components distributor and exterior door panels maker. It later purchased a mnlti-branch fastener network and sold the loss-making nursing homes and Burslem Productions, the specialist engineering business. Its other activity is ceramic equipment manufacturing.

Turnover in the period was £11.72m (£6.4m). After extraordinary charges of £796,000 there was an attributable loss of £325,000 (profit £627,000). Earnings came to 0.63p (1.46p).

There is no dividend this time (0.33p), but it is hoped to resume payments in the current year.

Torday & Carlisle tops £4m

Torday & Carlisle lifted its pre-tax profit 22 per cent in 1990, its first year as a public company.

Mr Paul Torday, chairman, said the overall performance was resilient even if below original expectations.

Turnover rose 9 per cent to £50.9m (£46.76m) while trading profit was little changed st £4.36m (£4.34m). But with interest charges dropping to £352,000 (£1.07m), the pre-tax outcome was £4.01m (£3.27m).

DMI, the diesel engine and marina side, had an outstanding year and operating profit jumped 89 per cent to £2.75m, and Elfab-Hnghes, which makes pressurs relief and safety equipment, moved up 33 per cent to £692,000.

Oldham Signs declined 61 per cent to £919,000. Remedial action led to the closure of the southern division and the discontinuance of its activities, and that was the principal reason for an extraordinary charge of £1.9m (nil).

Earnings for the year came to 17.85p (24p) per share. The final dividend is raised to a proposed 4.7p for a total of 7p (6.25p).

Florida arm only brake on Treatt

At the Treatt annual meeting Mr Geoffrey Bovill, chairman, averred thet since the statement which accompanied the report and accounts, the business of RC Treatt, the principal operating subsidiary, had contínned to perform satisfactorily.

However he added that the new Florida Treatt operstion would take longer than envisaged to reach profitability.

Worsening trading problems face SEP

Mr Paul Formby, chairman of SEP Industrial Holdings, told the annual meeting that trading conditions in all tbe group's principal markets had continued to deteriorate.

Further be sdded that the fall in the volume of orders experienced hy the UK and Nortb American distribution subsidiaries during last summer had both been extended and become more generalised.

SEP manufactures and distributes engineering products and Mr Formby said that individual operating subsidiaries were currently facing conditions in which several of their clients were working three- or four-day weeks.

He believed these problems were essentially short-term, but felt obliged to tell shareholders of the widening severity of the recession as it impacts on the SEP group as a whole.

Net asset value at Sumit falls to 141p

The fully dilnted net asset value per £1 share of Sumit was 141p at December 31, a substantial fall on both tha 206p reported for the same date the previous year and the 203p at June 30 1990.

At the basic level these figures were 151p, 245p and 234p respectively.

Pre-tax profits rose 13 per cent to £672,878 (£593,537) in 1990, though Mr Simon Sharp, chairman, described the year as "most disappointing for Sumit and for the smaller company arena as a whole". The company is principally engaged in the provision of development and venture capital to unquoted companies.

Earnings slipped to 7.3p (7.7p) per share but the final dividend is lifted to a recommended 3.8p (3.7p) for a total of 5.8p (5.2p).

Rentaminster back in black with £65,000

Rentaminater has turned round from a loss of £753,000 to a profit of £65,000 in the half year ended December 31 1990.

Trading activities of this USM group — where husinesses include snpplying labour, construction, sbopfitting, training, sales control and running a hotel and country clnb — were all profitable, but were suffering in varying degrees from the recession, the directors said.

Interest charges have been eliminated and the exceptional charges for finalising litigation were cut from £690,000 to £50,000.

Turnover in the period was £2.45m (£2.21m). Earnings came to 0.3p (losses 7.7p).

The company has just started a joint venture with Birleys Sandwiches to open a sandwich shop in Shaftesbury Avenue, London. Trading should start next month.

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UK COMPANY NEWS

ASW maintains profits in spite of lower UK sales

By Jane Fuller

ASW HOLDINGS, the Welsh steel and wire group, virtually maintained pre-tax profit at £40.3m last year, in spite of a 9 per cent fall in UK sales.

The taxable profits, which compare with £40.4m in 1989, were made on turnover of £454.3m (£451.1m). Operating profits of £40.6m (£42m) were ameliorated by interest income of £700,000, as opposed to a £1.6m charge.

Although the profit figure was well up to expectations, worries about price-cutting on the Continent led to a 13p fall in the share price to 252p. This compares with a flotation price of 150p in May 1988.

Mr Chris Lyddon, finance director, said that UK turnover of £305.1m (£335.1m) was back to its 1988 level. However, the strategy employed since 1987 of pushing sales in the rest of Europe had paid off and these had again increased to £135.3m (£100.9m).

Bnt margins had come under pressure late in the year because of price-cutting hy Continental producers. Mr Lyddon described it as "pricing stupidity" and said several companies had burnt their fingers. He hoped it was related to stock clearing and that it would not continue for much longer.

Profits had also been affected by the huilding up of a construction systems division, which markets specifier-led products, for instance in corrosion protection. Tha benefits were expected to flow through next year.

Redundancy and other costs at Reinforcement Engineering, which was badly bit by tbe construction downturn, incurred an exceptional charge of £1m. About 60 jobs have been sbed.

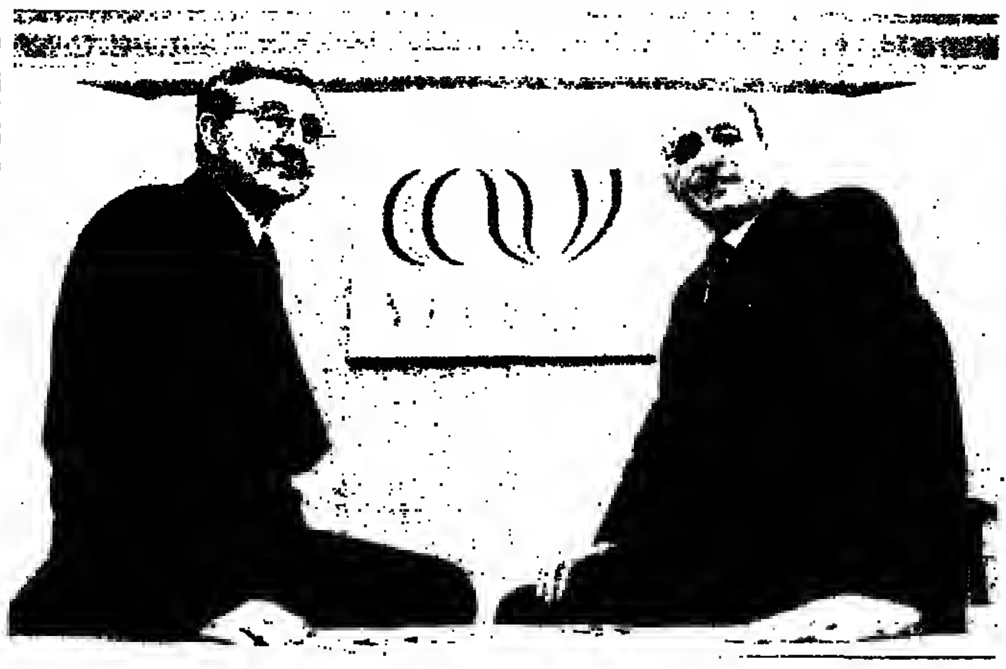
Net cash on December 31 was £24.4m, although Mr Lyddon pointed out that the figure peaked at the end of the month.

Fully diluted earnings per share rose to 31.1p (30.6p). The after-tax figure benefited from the failure to trigger the profit-related employee share scheme, which cost £1m in 1989.

A proposed final dividend of 8p makes a total of 12.5p (11p).

● **COMMENT**

The big question is: How long will the European price war go on? Analysts say that if it was to last all year, it could reduce ASW's pre-tax profit to £30m. However, there is some bope that a few bankruptcies will temper the fight and prepare the way for a second-half recovery. The good news for investors in ASW, formerly Allied Steel & Wire and set up as a joint Britisb Steel and GKN venture, is that its low-cost operation enables it to make money even at cut-throat prices. And there is, of course, a very reassuring cash cushion. Scope remains to penetrate further into tha Continental market, where it is still in the process of introducing parts of its product range. A forecast pre-tax profit of £35m gives a prospective p/e of 7.8. The shares may well begin to look more attractive as worse news comes in from other manufacturers.



Tony Andrews

Sir David Alliance (rigbt), chairman of Coats Viyella, and Mr Neville Bain, the Cadbury Schweppes exeentive he appolnted as cbief executive last October, bave unveiled the details ol their £194m hostile bid for tbe Tootal textile group.

For Sir David this will be his first hostile bid in a career of deal making. For Mr Bain it represents the first major corporate challenge since he joined Coats last autumn.

At first the City was dubious that the fiercely independent Sir David would be willing to detegate. Mr Bain admttted yesterday that he too bad worried about that at their first meeting, but said his donbts beve since disappeared.

Lilleshall advances to £2.62m

By Clare Pearson

LILLESHALL, tbe industrial distribution, engineering and buildiog products group, increased pre-tax profits by 16 per cent from £2.26m to £2.62m in the 12 months to end-December 1990, in spite of a worsening in trading conditions towards the end of the year.

But earnings per share fell to 11.8p (13.6p) after a tax charge nearty five percentage points higher at 34.2 per cent and on an increased number of shares. The final dividend is lifted to 2.45p (2.4p) making 3.9p (3.65p) for the year.

Mr John Leek, the former merchant banker who became chairman in 1987, warned that current trading was significantly down on tbe first half last year, when pre-tax profits more than doubled.

However, he pointed out tbat Lilleshall continued to make profits and had a strong balance sheet.

Since the year end the company has acquired Brymill, a West Midlands shell company comprising cash balances and an industrial estate.

The net effect on cash of the purchase has been an increase of £3.8m. In addition, Lilleshall plans in due course to sell Brymill's properties, recently valued at £3.7m.

Last year turnover, almost all of which occurs in the UK, increased to £33.96m (£30.5m).

The engineering and building products division enjoyed a strong year, in spite of adverse market conditions. However, trading profits on the industrial distribution side fell and there was no contribution from property which put in trading profits of £24,000 last time.

Erostin to be wound up after failing to pay debts

By Vanessa Houlder, Property Correspondent

EROSTIN GROUP, a property development and construction group, is set to be wound up as a result of its inability to pay its debts.

Shareholders, whose shares were suspended yesterday at 40p, will be asked to consider a winding up resolution at an extraordinary meeting.

A meeting of creditors will then be called to appoint a liquidator.

The company said it needed a rescheduling of bank debt or an injection of more shareholders' funds to avert a cash-flow crisis, which stemmed from high interest rates and a disinclination of institutional investors to buy property.

A number of its institutional shareholders were sympathetic to tbe idea of a new share issue, if the bank debt could be rescheduled.

Four sucb schemes were considered but none proved acceptable to the group and its six banks.

The idea of appointing an administrator was rejected by the secured creditors and the banks, which were unwilling to fund an administrator if one was appointed.

The directors said that if they had a year to sell the property in an orderly fashion, then the assets would exceed liabilities, making it possible for the creditors to be paid in fnll and teaving a surplus for distribntion to shareholders.

Erostin joined the stock market in July 1988, when tt was valued at £36m.

Interest turnround helps Life Sciences advance by 58%

By Clare Pearson

LIFE SCIENCES, the scientific instruments company whicb makes 80 per cent of its products in the US, achieved a 58 per cent increase in pre-tax profits from £9.03m to £14.31m in the year to end-December 1990.

Profits were boosted by a turnaround in the net interest position from £725,000 payable to £2.32m receivable following a £30m rights issue in April last year.

Return on sales fell from 16.7 to 16.1 per cent, reflecting the inclusion of two acquisitions, Lipshaw and IEC. The second of tbese was only breaking even when it was purchased a year ago.

Fully diluted earnings per share rose to 7.4p (5.9p). A proposed final dividend of 1.9p (1.5p) makes 2.9p (2.3p) for the year.

Mr Christopher Bland, chairman, said he was confident Life Sciences would continue to perform well. This was especially given the increase that had been made in the US government's budget for scientific research this fiscal year.

The company concentrates on making medium-technology equipment for clinical and research laboratories, an activity described as recession-resilient by Mr Bland, who is also chairman of London Weekend Television.

As a net exporter from the US, with borrowings denominated in dollars, Life Sciences was cushioned against tbe effects of the weaker US currency during the year.

It also hedges through selling forward a proportion of budgeted dollar profits. That reduced the translation effect to £500,000 in 1990. This year, nearly half of budgeted US profits have been sold lorward at $1.49 to the pound, the company said.

Net cash amounted to £17.19m at the balance sheet date. Mr Bland said Life Sciences would continue to seek acquisitions in related areas.

The full benefit of redundancies and other cost savings at IEC, a manufacturer of low-speed centrifuges, was expected to come through tbis year.

IAWS sells grain side

IAWS, the USM-quoted food, fertiliser and agriproducts company based in Dublin, is to sell its grain merchant business, Dower Wood.

Dower was formerly part of the R and H Hall, the Cork-based animal feeds supplier acquired by IAWS in July last year.

According to Mr Philip Lyncb, managing director, in the UK IAWS will concentrate on fertiliser, feed ingredients and arable inputs. In Ireland the group will focus in addition on food and energy products as well as its ancillary port-based operations whicb service the import and export of dry bulk products.

The sale of other peripheral business units could take up to 12 months to complete.

Poll tax and weather are blamed for Greggs result

By Michiyo Nakamoto

UNFAVOURABLE weather and the adverse effects of the poll tax were blamed for limited profits growth last year at Greggs, the UK's largest independent baker.

Pre-tax profits for 1990 were up to only £7.02m, from £6.89m, on increased turnover of £87.04m (£76.75m).

Mr Mike Darrington, managing director, said last year saw the worst possible combination of a hot summer and a severe winter, which had led to fewer people visiting their shops.

"Given the background we are quite pleased with what we ended up with," he said.

There was anecdotal evidence that the poll tax had a depressing impact on sales, with those in council estates under particular pressure. The strategy of emphasising higher margin products also meant that turnover suffered

Sales at existing stores fell marginally for the first time since about 1984.

Tha higher turnover was largely the result of the addition of 45 new shops, bringing the number of outlets to 447.

Despite the lower earnings, capital expenditure funded entirely from cash flow, was at a record £7.37m. This year planned expenditure is "well in excess of £8m" to be funded from cash generation. Cash resources were £4m at the year end.

A final dividend of 9p is recommended, making a total of 13.5p (12p) on earnings per share of 41.2p (39.8p).

● **COMMENT**

This business is heavily affected by the weather and there is little a bakery can do about that. So Greggs can perhaps be excused for feeling pleased with its latest performance. There is, however, only so much that can be blamed on the weather, as the company itself recognises, and efforts will have to be made to counter the inevitable slip in margins. Profits in the first half of this year are likely to be flat, if not down, as trading conditions are expected to remain weak. This is, nevertheless, a stable company with a highly conservative management and has benefited from its cautious financial policy. If weather conditions fail to work in their favour for the second year running, at least the effect of the poll tax, if real, should drop out this year. Analysts are looking for pre-tax profits near £7.7m in the current year, making prospective earnings of 44.2p per share and a p/e of 9.6. At these levels, the shares would be at a 20 per cent discount to the market, limiting the downside risk and making them look reasonably good value.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
ASW	fin	8	May 21	7	12.5	11
Greggs	fin	9	May 24	8	13.5	12
Life Sciences	fin	1.9	May 14	1.5	2.9†	2.3
Lilleshall	fin	2.45	May 31	2.4	3.9	3.65
Microvitec §	fin	0.2	-	0.75	0.3	1.5
Persimmon	fin	4.85	Apr 22	4.5	7.15	6.5
Ransomes	fin	4.1	May 1	4.2	6.15	6.15
Reece	fin		-	0.33	nil	0.33
Serco	fin	7.5	Apr 25	6.5	11	9.5
Sumit	fin	3.8	May 21	3.7	5.8	5.2
Suter	fin	5.6	June 17	5.6	8.6	6.4
Torday/Carlisle	fin	4.7	May 3	4.55	7	6.25
Unidare	fin	10.3♣	May 3	10.05	14.2	13.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Fleming Mercantile Inv. Trust, Hays, Interlink Express, Murray Income Trust, Raine Inds.

Finals- Admiral, Aegis, City & Commercial Inv. Trust, Clinton Cards, Expamet Intl., Fisons, Freeman, Metal Bulletin, Midland Bank, Pacer Systems, Templeton Galbraith, Vantage Securities, Wates City of London Properties, Watmoughs, Wyevale Garden Centres.

FUTURE DATES

Interims-

Barry Wehmiller Intl.	Apr. 11
Creston	Mar. 7
Kynoch (G. & G.)	Mar. 22
Lloyds Chemists	Mar. 13
Pochin's	Mar. 7
Sirdar	Mar. 15

Finals-

Aitch Hldgs.	Mar. 8
American Trust	Mar. 12
Astec (BSR)	Mar. 18
British Gas	May 30
Commercial Bank of London	Mar. 11
Glynwed Intl.	Mar. 12
Hall Engineering	Mar. 14
Hawker Siddeley	Mar. 21
MB-Caradon	Apr. 8
Plaxton	Mar. 11
Secure Trust	Mar. 26
Senior Engineering	Mar. 27
Servomex	Mar. 21
Spirax-Sarco Engineering	Mar. 27
Sterling Trust	Mar. 11
Unichem	Mar. 28
WPP	Mar. 7
Wimpey (George)	Mar. 12

John Menzies gets green light

Menzies (John) proposed acquisition of the newspaper wholesaling business of Walters & Gregory, George Proudfoot, McGuinness, Meikle & Brown is not being referred to the Monopolies and Mergers Commission.

Farm ministers oppose further EC price cuts

By David Gardner in Brussels

EC FARM ministers yesterday took strong issue with the European *Commission's plans* to cut prices further this year, siding with the minority in the commission – led by its president, Mr Jacques Delors – which advocates raising the binding "guideline" on farm spending set in 1988.

With the clear exception of the UK, most ministers argued that EC farmers should not have to pay the additional cost to the Common Agricultural Policy of the entry into it of eastern German farmers.

This line of reasoning was outvoted inside the commission last week. Mr Ray MacSharry, the Agriculture Commissioner, spelt out to ministers yesterday that the costs of German unification had been taken into account in this year's price package. "The real reasons for current budgetary difficulties are to be found in deteriorating markets," he insisted, "in particular in cereals, beef, sheepmeat, milk and tobacco."

These areas have all been earmarked for substantial cuts, in order to keep CAP spending within the guideline at Ecu32.5bn (£23bn) this year, still a record increase of 30 per cent on last year. The cuts represent a net saving of only Ecu540m. But in a detailed document presented to ministers, the commission also made it clear that only if the new prices were accepted could spending next year be held to Ecu35.2bn – factoring in a saving in 1992 of Ecu2.1bn.

Mr John Gummer, the UK Minister of Agriculture, opposed any increase in the guideline, which was the fruit of a laborious exercise by member *states in the mid-1980s* to do away with community budget crises. "You can't make that agreement and the very first time it is put to the test do away with it," he said.

There was some wavering among the Dutch – traditional UK allies – with the Danes favouring acceptance only in order to avoid strengthening Mr MacSharry's case for a radical overhaul of the CAP.

The rest, led by Mr Louis Mermaz, the French farm minister, for the most part stressed that the cost of eastern Germany's farmers swelling the EC's bursting surpluses should be covered by an increase in the spending ceiling. Mr Mermaz said he would be coming forward with counter-proposals at a later date.

The ministers would, however, need to arrive at a unanimous position in order to breach the guideline. Under the budgetary deal of February 1988, moreover, it may be legally possible for the commission to impose the package if there is still no agreement two months from yesterday.

There was no sign of that unanimity last night and every indication that the Commission would stick to its guns. "To allow certain market trends to remain without correction, even for a year – and in budgetary terms this would rule out any impact before 1993 – would be very wrong and would make it even more difficult to carry through the inevitable corrections at a later stage," Mr MacSharry emphasised.

Decision expected on future of Milk Board

By David Blackwell

A *DECISION* on the future direction of the UK dairy industry is expected to emerge tomorrow from a meeting of the Milk Marketing Board for England and Wales.

Intensive discussions over the past year or more have *failed* to produce proposals for reforming the board, a monopoly organisation buying milk from 31,500 dairy farmers and supplying 82 per cent of the total UK market. Scotland and Northern Ireland have their own milk marketing boards.

Mr John Gummer, the farm minister, has made it clear that the initiative for reform must come from the board, which has 15 elected members and three appointees. The ministry has made no secret of its dislike of the board's monopoly powers and the cartel-like *arrangements* whereby prices and minimum profits are fixed with dairy processors.

The case for reform is becoming ever more urgent in the run up to 1992 and the single European market. Over the years since the MMB was set up in the 1930s the UK dairy industry has become less efficient than its counterparts in Europe. The UK is now the only deficit dairy country in the EC. Other European producers will see the UK as an outlet for their surplus production after 1992.

Talks over the past 2¼ years on keeping the milk marketing scheme but changing it internally have come to naught, officials say. The most talked about option has been turning the board into a voluntary co-operative, although some now argue that it should become a farmer-owned company. Yesterday officials would not disclose the meeting's agenda.

Dairy farming in Europe's shadow

All New Zealand's producers want is 'a fair go' in export markets

FARMER'S VIEWPOINT

By David Richardson

JOHN ROADLEY, like most New Zealand farmers, it seems to me, is built like a Kiwi prop forward. His farming gear consists of a broad-rimmed hat, a short-sleeved shirt, a pair of denim shorts, thick socks and leather working boots. Not perhaps the typical picture of a dairy farmers. But that's what Mr Roadley is – and how!

Ten years ago he and his wife Lois, who is the book-keeper for the partnership, moved from a small dairy farm near Hamilton in the North Island to a 370-acre holding on the Canterbury Plains on the south Island.

On the face of it, it was a strange thing for them to do. Hamilton and the Waikato Valley is after all, the centre of what is probably the greatest concentration of dairy cows in the world. Half of the New Zealand's 2m cows are kept there and it is obviously an ideal area to produce milk.

But Mr and Mrs Roadley had heard about a community irrigation scheme that was about to be launched near Ashburton in mid-Canterbury and they realised this would give them the chance to expand their enterprise.

The availability of virtually unlimited amounts of water for flood irrigation of pastures was the key. So they bought what had been a sheep farm, installed a 50-point rotary parlour to milk their 300 cows and they've never looked back since.

Today, following further land purchases and some leasing, they farm 900 acres of clover-rich grass and milk 730 cows. Their ambition is to build the herd up to 800, which would be "just that little bit more economic", for the farm's four dairymen to milk through the rotary parlour.

The cows live on grass all the year round – grass that receives only superphosphate fertiliser for the most part but is stimulated every three weeks during the September to April summer by about 3½ inches of flood irrigation. In other words, all the land gets about 30 inches of irrigation water a year – which costs only a little over £2,000 per year in abstraction charges - plus a further 23 to 28 inches of natural rainfall.

The temperature in this area seldom drops below "growing weather", so the grass grows all the year round. In any case, Mr Roadley's cows calves in spring and their milk dries up for a couple of months in the July and August winter, so the period of least grass growth coincides with the lowest demand for fodder.

Mr Roadley makes no bones about the fact that he has found a sophisticated way to turn water into milk. He regards dairy farming essentially as the ability to grow grass combined with the controlled starvation of his cows.

He has no ambition to own a herd of show cows. Indeed, he tends to scorn those who do. His cows are small and lean by British standards, partly, presumably, because he restricts their feed intake and partly because like many New Zealand cows they are indeterminate crosses between Friesians and small Channel Island breeds.

Every cow has its tail docked to about a foot in length, a practice that would be unacceptable in the UK, to save herdsmen being swished in the face as the cows pass by them in the rotating parlour. The average yield is just over 4,000 litres – 1,000 litres more than usual for New Zealand, where the average herd *size is 160* cows. In the UK the average is more than 5,000 litres a cow.

I wasn't sure if Mr Roadley actually liked cows. I suspect he regarded them as milk-producing machines. Certainly his culling programme was totally ruthless and any animal which did not conform either for calving regularity or ease of management, through the highly industrialised system, was immediately sent to the butcher.

But that is the way they have to do things in New Zealand. The economics of dairy farming allow no room for sentimentality. In fact the on-farm value of milk at the moment means that even farmers as efficient as Mr Roadley are losing money.

Payment for milk in New Zealand is *based on the quantity* of milk fat, but converted to the UK system Mr Roadley's milk was worth about 5p a litre, compared with the 18p to 19p British producers receive. A year ago it was about 8p to 9p and there was a profit in it then, he told me.

The 40 per cent drop in the New Zealand price was mainly the fault of the European Community, Mr Roadley *said.* Europe, he claimed, produced a bigger surplus of milk than New Zealand's total production. Given that New Zealand was forced to export 90 per cent of all the milk it produced in the form of butter, cheese and other processed *products,* the EC's subsidised exports were threatening to destroy his business.

I pointed out to him that the EC had imposed quotas in 1984 to limit production, whereas New Zealand, and indeed he personally, had continued to expand. "What alternative did New Zealand have," he asked, "we have no price support. As margins decline all we could do was to try to cut our overheads by producing more and becoming more efficient." But he did concede that if present milk prices prevailed for long many producers could not survive and there would be a significant reduction in the New Zealand dairy herd.

The trouble with the EC, he said, was that "you subsidise your exports and drop the world price *without growing* the market. It wouldn't be realistic to ask you folks to cut your production below your consumption," he went on, "but if you'd just stop selling milk products cheap all around the world; even to Pacific Rim countries, which should surely be our markets, that would give us a fair go."

I was forced to concede that he had a point.

US climbs gold output league

By Kenneth Gooding, Mining Correspondent

THE US is about to overtake the Soviet Union to win second place among the world's gold-producing nations, according to a study released by the Gold Institute, a Washington-based promotional organisation.

US gold production soared from under 1m troy ounces in 1980 to an estimated 9.6m ounces last year, transforming the country into a substantial producer *for the first time* since the turn of the century.

The Soviet Union failed to keep its promise last year that it would reveal the scope of its gold production and reserves. However, western analysts suggest that the country's annual gold output *is* between 8m and 9.6m ounces.

The nine-fold jump in US gold production is making a big contribution to the country's balance of trade. Mr John Lutley, executive direct of the Gold Institute, points out: *"We've gone from being a net* gold importer to a net gold exporter in only a decade."

From 1980 to 1984 the US imported $6.7bn-worth of gold needed by its jewellery, electronics and medical industries. The deficit narrowed to only about $2bn in 1989 and the institute suggests that in the four years from 1990 the US gold industry will generate a surplus totalling $8bn.

Gold production is concentrated mainly in the western US, with Nevada (output 5.965m ounces in 1990) and California (1.028m ounces) accounting for nearly three quarters of the total output.

Mexico 'hedged against oil price fall'

By Damian Fraser in Mexico City

SINCE LATE November the Mexican government has been a significant participant in the oil futures and options markets, according to Mr Pedro Aspe, the country's finance *minister.*

He says the futures operations "represent volumes very significant in relation to the size of the world markets". The minister's aim, which appears to have been largely successful, has been to protect the *government budget against* the effects of a sudden fall in oil prices.

Although no precise figures have been released, the Ministry of Finance has implied that the government has locked in an oil price of at least $17 a barrel for Mexican mix (equivalent to about $23 a barrel for North Sea Brent oil) from April to September this year.

The current price of Mexican mix is now just over $14 a barrel. *If it remains this low,* the government will have made more than $2 on every barrel of oil sold forward. Similarly, the government will have profited from selling call options and buying put options on oil, when the price was substantially higher than $20 a barrel.

The hedging operations, which required the government to pay deposits of some $200m, may not be large enough to offset completely the effect a prolonged fall in oil prices will have on government revenues. Every $1 a barrel represents about $500m a year in Mexican oil export revenue.

However, in addition to futures operations, the government has set up a special contingency *fund* to protect against a more permanent *fall* in oil prices. The government has put in the fund $1,757 earned from the sale of Telmex, the former state-owned telephone monopoly.

Thanks to these precautions, the government claims that it will cover its target of $8.45bn from oil revenues this year, even if the price of Mexican mix falls to $10.80.

If it drops still further, the government has additional insurance. It has deposited in the Bank of Mexico $3,400m saved from windfall oil profits last year and the beginning of this year. It is also leaving off-budget a further $800m, which it saved from having to pay lower-than-expected interest rates on its $80bn foreign debt.

The finance ministry hopes to add another $5 billion to the special contingency fund this year, with money raised from the sale of its remaining shares in Telmex, the privatisation of the 18 state-owned banks, and the steel company, Sidermex.

The announcement of Mexico's hedging operations and the size of its contingency fund, should reassure foreign investors worried about the country's ability to finance its current account deficit for the next couple of years.

SA wool growers seek state aid

By Philip Gawith in Johannesburg

PLUMMETING WOOL prices in the wake of Australia's suspension of its minimum reserve price scheme has sent South African wool growers off in pursuit of government assistance.

Whether they will receive a sympathetic hearing must be doubtful, however. Trends in government's political and economic policy point squarely away from assistance being lent to white farmers who have fallen on hard times.

Last week the South African Wool Board decided to maintain all its marketing arrangements, despite the average 35 per cent fall in world wool prices following the Australian's announcement. This means that the "voorskot" (advance payment) prices will continue for the season, as will normal sales procedures, and the pooling period will be retained.

The rub is that the world price has now declined to a level below the voorskot price, meaning that the local industry will sustain substantial losses if the guaranteed price remains in force.

Voorskot prices are about 30 per cent above current market prices for the various categories of wool grown in South Africa. Mr Hennie Prinsloo, chairman of the board, said that the board would not be able to implement its decision *without supplementary financial* aid. Hence it would "request the government to provide a guarantee that would enable it to honour its financial obligations to producers until the termination of the current season."

The farmers chances of persuading the government to help them look extremely slim. The government's policy is directed very clearly away from subsidisation and in favour of allowing market forces greater play. There is also the matter of priorities: the political negotiation process is being mirrored by a shift in budgetary priorities with increasing emphasis on social spending.

The sort of special pleading now being indulged in by the wool growers is very much predicated upon bygone years, when white farmers were more influential with government than is now the case.

Analysts point out that from 1987 to 1990 wool farmers had three record years in which to consolidate their position for years to come. They believe that the more judicious farmers will survive with prices at lower levels, while profligate growers should not be bailed out by the government.

South Africa is one of the world's top ten wool producers. The 1989-90 wool clip of 96.9m kg realised R858m (£140m), making it one of the country's major agricultural products after beef, poultry, maize and deciduous fruit.

India raises cotton quota

By Kunal Bose in Calcutta

THE INDIAN government has raised the cotton export quota by 200,000 bales (170 kg each) in a surprise move that textile industry *officials* have denounced as capitulation to the powerful farmers' lobby.

While the industry was apparently able to convince the textile ministry that any further export releases beyond the 1.24m bales already sanctioned would *compromise* the *interest* of spinners, Mr Devi Lal, the deputy prime minister, who also holds the agriculture portfolio, appears to have won the day.

Cotton is already commanding premiums of 15.5 per cent to 63.5 per cent over the support prices, depending on variety, as the crop in 1990-91 could be less than 12.2m bales, against last year's 13.5m bales.

The announcement of the additional export quota is likely to give a further boost to domestic cotton prices.

WORLD COMMODITIES PRICES

MARKET REPORT

Silver followed up last week's gains with a strong rally yesterday on the London bullion market on the back of fund buying in New York. By midday the Comex May contract was 7 cents a troy ounce ahead at 389 cents. One New York analyst pointed to signs of stronger demand for industrial metals after the Gulf war, constructive charts and a long-term oversold condition: he was expecting May to top 400 cents soon. News that US family home sales were down by more than 12 per cent in January added to pressure on Comex copper prices *in early trading. On the* LME copper ended sharply down. Analysts say fundamentals are generally bearish, although some see the wider global economic downturn being offset to some extent by a relatively short recession in the US. London cocoa prices recovered from early losses to close ahead. "The market's caught in a bit of a vacuum at the moment. It's not quite sure whether it should break up or down," one trader said. The continued absence of origin-selling helped to support the market, although traders noted that manufacturers were still holding back from seasonal purchases.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.05-5.30t	+8.95
Brent Blend (dated)	$20.15-0.25	+0.95
Brent Blend (April)	$19.55-9.68	+1.05
W.T.I. (1 pm est)	$20.20-0.30t	+1.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$242-249	+8
Gas Oil	$205-207	+0½
Heavy Fuel Oil	$72-75	+3½
Naphtha	$220-223	+9½
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)✣	$365.65	-0.60
Silver (per troy oz)✣	386.00c	+12.50
Platinum (per troy oz)	$405.00	-0.85
Palladium (per troy oz)	$85.00	-0.85
Aluminium (free market)	01535	-5
Copper (US Producer)	117c	-1⅛
Lead (US Producer)	50c	
Nickel (free market)	395c	-2
Tin (Kuala Lumpur market)	14.97r	-0.03
Tin (New York)	260c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.05p	-0.05*
Sheep (dead weight)†	152.30p	+2.94*
Pigs (live weight)†	86.78p	+8.71*
London daily sugar (raw)	$232w	+0
London daily sugar (white)	$312.5w	+4.5
Tate and Lyle export price	£230	+3
Barley (English feed)	£121.5	
Maize (US No. 3 yellow)	£171	
Wheat (US Dark Northern)	£93	
Rubber (Apr)♥	48.75p	
Rubber (May)♥	49.25p	
Rubber (KL RSS No 1 Apr)	226.5m	
Coconut oil (Philippines)§	$360w	
Palm Oil (Malaysian)§	$385x	
Copra (Philippines)§	$240.0t	
Soyabeans (US)	£146.0	+2.5
Cotton "A" index	86.00c	+0.30
Wooltops (64s Super)	390p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Apr/May. t-Apr. w-Mar/Apr. z-Jan/Feb. x-Apr/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ✣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
May	206.00	204.00	207.00	199.60
Aug	203.60	202.20	203.60	196.40
Oct	200.20	199.00	201.00	196.00
Mar	197.20	198.00	198.80	194.60
May	196.20	200.60	202.00	199.40
White	Close	Previous	High/Low	
May	307.8	306.8	306.0	301.8
Aug	303.8	303.0	303.0	298.5
Oct	275.0	277.0	274.0	271.5
Dec	270.8	272.5	266.0	
Mar	273.0		272.0	269.5

Turnover: Raw 1826 (1635) lots of 50 tonnes. White 602 (816)
Paris- White (FFr per tonne): May 1583, Aug 1575, Oct 1433.

CRUDE OIL – IPE ($/barrel)				
	Latest	Previous	High/Low	
Apr	19.00	18.90	19.63	18.85
May	18.80	18.18	18.80	18.25
Jun	18.18	17.50	18.23	17.75
Jul	18.02	16.80	10.02	17.50
Sep	17.85	17.43	17.85	17.66
IPE Index	18.49	18.48		

Turnover 14613 (13153)

GAS OIL – IPE ($/tonne)				
	Close	Previous	High/Low	
Mar	189.00	180.00	189.75	182.50
Apr	175.25	166.25	176.00	169.50
May	168.00	161.50	168.50	161.00
Jun	165.00	158.00	166.00	163.00
Jul	166.00	160.75	168.50	164.00
Aug	168.50	162.00	168.50	165.00
Sep	170.00		170.00	
Oct	171.00		171.00	170.00

Turnover 5056 (6068) lots of 100 tonnes

TEA

An irregular market at about last rates, reports the Tea Brokers' Association. Bright liquoring Africans were sometimes easier but better mediums remained fully firm. *Dusts attracted less general demand.* Lower priced teas showed little change on balance. A reduced quantity of Ceylons attracted fair support with any improved quality teas being dearer. Offshore teas (cf) met good competition with brighter mediums firm to dearer and other descriptions about steady on last rates. The one container in the fob section was neglected.

COCOA – London FOX (£/tonne)				
	Close	Previous	High/Low	
Mar	609	602	007	596
May	639	633	641	626
Jul	666	663	670	655
Sep	689	687	693	678
Dec	722	717	723	710
Mar	748	743	750	735
May	768	763	768	757

Turnover: 4283 (5625) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 1 842.64 (881.81) 10 day average for Mar 4 853.73 (858.20)

COFFEE – London FOX (£/tonne)				
	Close	Previous	High/Low	
Mar	522	524	531	523
May	544	548	554	542
Jul	562	564	572	561
Sep	580	584	590	578
Nov	596	001	606	602
Jan	013	818	818	

Turnover: 3154 (4354) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 1: Comp. daily 72.11 (71.85). 15 day average 71.74 (71.43)

POTATOES – London FOX (£/tonne)				
	Close	Previous	High/Low	
Apr	128.0	124.2	128.0	123.5
May	153.8		161.4	148.8

Turnover 178 (70) lots of 40 tonnes.

SOYAMEAL – London FOX (£/tonne)			
	Close	Previous	High/Low
Jun	114.00	113.50	114.00
Aug	118.50	115.50	116.50

Turnover 45 (180) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)				
	Close	Previous	High/Low	
Mar	1647	1818	1647	1640
Apr	1476	1447	1477	1468
Jul	1168	1145	1168	1158
Oct	1265	1237	1250	1249
BFI	1714	1707		

Turnover 163 (268)

GRAINS – London FOX (£/tonne)				
Wheat	Close	Previous	High/Low	
Mar	128.95	127.70	129.40	128.70
May	131.50	131.00	132.30	131.25
Jun	133.40	132.80	134.20	133.40
Sep	110.30	110.30	110.30	
Nov	113.40	113.50	113.70	113.40
Jan	117.30	117.20	117.20	
Barley	Close	Previous	High/Low	
Mar	117.00		118.00	117.00
May	121.40	120.20	122.00	121.00

Turnover: Wheat 698 (741), Barley 205 (170).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg			
	Close	Previous	High/Low
Mar	113.0	114.0	113.0
Apr	112.0		111.5
May	111.5		111.0
Jun	111.8	111.0	111.0
Jul	109.5	109.0	109.0

Turnover 65 (83) lots of 3,250 kg

[illegible] – London FOX					
	Close	Prev.	High	Low	Vol
Indx	157.04	157.81			
Mar	158.30	158.60	158.30		50
Apr	158.30	158.18	158.30		50
May	158.30	158.18	158.00		50
Jun	158.00	157.60	158.00		50

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)						
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						*Total daily turnover 12,653 lots*
Cash	1532-4	1540-2		1532-3		
3 months	1564-5	1570-1	1568/1562	1563-4	1566-7	51,108 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,351 lots
Cash	1291-3	1318-9	1299/1292	1298-9		
3 months	1294-5	1306-9	1308/1295	1299-300		84,374 lots
Lead (£ per tonne)						Total daily turnover 2,782 lots
Cash	315-7	313-5	313	314-5		
3 months	326-7	324-5	326/325	326-8	327-9	13,165 lots
Nickel ($ per tonne)						Total daily turnover 1,965 lots
Cash	8525-50	8550-75	8500/8500	8490-500		
3 months	8500-10	8505-10	8515/8475	8475-85	8500-10	7,745 lots
Tin ($ per tonne)						Total daily turnover 1,058 lots
Cash	5560-70	5580-90		5580-5		
3 months	5680-70	5680-5	5670/5655	5660-3	5665-70	5,730 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,361 lots
Cash	1220-2	1222-4	1228/1227	1228-6		
3 months	*1210-3*	*1210-2*	1220/1208	1216-7	*1214-5*	18,686 lots
LME Closing £/$ rate:						
SPOT: 1.8985		3 months: 1.8718		6 months: 1.8497		9 months: 1.8334

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	365.70-365.00	
Opening	365.10-365.60	
Morning fix	365.50	192.822
Afternoon fix	365.45	192.748
Day's high	365.70-366.00	
Day's low	364.90-365.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.80	6 months	5.40
2 months	5.75	12 months	5.29
3 months	0.65		

Silver fix	p/fine oz	US cts equiv
Spot	197.65	375.50
3 months	203.90	381.60
6 months	209.45	387.80
12 months	219.90	400.50

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	367.00-368.00	193.50-194.00
Maple leaf	377.50-378.00	198.80-199.30
New Sovereign	88.00-90.00	47.00-47.50

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1500	40	83	4	24
1600	4	32	60	72
1700	8	9	160	147
Copper (Grade A)	Calls		Puts	
2350	107	128	2	44
2450	19	74	12	89
2550	1	38	93	150
Coffee	May	Jul	May	Jul
500	63	83	16	32
550	35	66	41	55
600	18	40	75	85
Cocoa	May	Jul	May	Jul
600	66	107	27	40
650	40	80	51	61
700	23	60	81	93
Brent Crude	Apr	May	Apr	May
1700	[illegible]	[illegible]	[illegible]	[illegible]
1800	20	40	10	40
1900	20	110	29	80

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Mar	367.0	367.0	0	8
Apr	369.5	369.6	370.8	366.7
May	371.2	370.3	0	8
Jun	372.9	372.0	373.4	370.1
Aug	376.2	375.3	374.4	373.8
Oct	379.8	378.7	377.6	377.4
Dec	383.1	382.2	383.5	380.5
Feb	386.8	385.8	387.5	387.5
Apr	390.4	389.5	8	8

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	406.1	406.4	407.0	405.0
Jul	418.8	418.0	411.3	408.8
Oct	414.8	415.2	415.3	414.2
Jan	418.4	418.8	420.6	419.8
Apr	423.2	423.8	8	8

SILVER 3,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Mar	385.6	377.3	387.5	374.8
Apr	387.5	379.3	8	8
May	390.0	381.5	391.5	378.0
Jul	394.9	386.8	396.0	382.5
Sep	400.8	391.3	401.5	389.5
Dec	407.3	398.3	408.0	395.0
Jan	408.9	399.7	8	8
Mar	415.8	405.0	413.8	408.0
May	420.4	410.0	8	8
Jul	425.8	418.8	8	8

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	112.05	113.70	113.10	111.80
Apr	111.10	112.20	111.25	111.00
May	100.95	118.60	110.70	109.40
Jun	109.10	110.00	100.25	100.25
Jul	108.30	108.95	108.80	108.00
Aug	107.60	108.20	0	0
Sep	105.90	107.45	107.40	106.60
Oct	100.35	108.75	0	0
Nov	105.80	106.20	0	0
Dec	105.10	105.55	106.00	104.90

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	114.00	112.35	114.25	113.00
May	113.30	111.60	114.50	112.00
Jul	113.00	111.30	113.20	112.00
Sep	114.55	113.25	116.00	114.55
Nov	114.30	113.25	114.75	114.75

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Apr	20.19	10.38	20.32	19.66
May	18.74	19.11	19.87	18.40
Jun	19.38	18.84	19.50	19.10
Jul	19.16	18.67	19.26	16.82
Aug	19.13	18.53	19.15	18.88
Sep	10.08	18.67	18.10	18.90
Oct	19.10	18.72	10.15	18.80
Nov	18.05	18.77	19.20	19.01
Dec	10.10	10.82	19.20	19.00
Jan	18.12	18.84	19.20	19.11

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Apr	5600	5457	5700	5550
May	5360	5207	5418	5280
Jun	5240	5049	5275	5130
Jul	5218	5018	5240	5150
Aug	5300	5083	5300	5240
Sep	5460	5238	5460	5380
Oct	5560	5328	5550	5500
Nov	*5640*	*5428*	*5640*	*5550*
Dec	5745	5528	5745	5650
Jan	5740	5528	5740	5650

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1097	1085	1098	1075
May	1135	1121	1142	1100
Jul	1163	1155	1169	1141
Sep	1199	1188	1195	1175
Dec	1243	1231	1245	1215
Mar	1283	1271	1282	1255
May	1313	1302	1307	1285
Jul	1338	1327	8	8

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	89.85	60.60	61.25	89.00
May	92.00	92.70	93.60	01.05
Jul	94.00	94.80	95.50	93.00
Sep	96.30	96.95	97.40	95.05
Dec	99.18	99.90	100.18	98.10
Mar	102.18	102.70	103.00	102.75
May	104.00	103.90	104.00	103.00
Jul	104.50	106.25	0	8

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	0.29	9.10	9.34	8.98
Jul	8.00	8.78	8.95	8.62
Oct	8.01	8.68	8.85	8.52
Mar	8.85	8.75	8.85	8.67
May	8.66	8.62	8.82	8.61
Jul	8.00	8.96	0	0
Jul	8.78	6.75	0	8

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	87.55	88.18	88.00	87.15
May	87.78	88.36	88.30	87.46
Jul	85.83	86.56	86.40	85.81
Oct	72.48	72.87	72.60	72.37
Dec	67.63	68.37	68.25	67.60
Mar	68.35	68.90	68.70	68.50
May	68.50	69.10	66.95	68.60

INDICES

REUTERS (Base: September 18 1931 = 100)			
Mar 4	Mar 1	mnth ago	yr ago
1701.4	1696.3	1652.7	1876.2

DOW JONES (Base: Dec. 31 1974 = 100)				
	Mar 1	Feb 28	mnth ago	yr ago
Spot	125.46	124.87	121.08	131.28
Futures	128.49	129.77	125.13	132.76

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	590/2	586/6	596/0	586/6
May	601/0	597/4	607/4	596/6
Jul	614/4	610/0	620/4	611/0
Aug	620/2	615/0	626/0	616/0
Sep	621/6	616/0	627/4	617/4
Nov	630/2	625/2	636/4	626/0
Jan	640/2	636/4	645/4	637/4
Mar	651/2	647/0	655/4	647/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	22.80	22.10	22.90	22.18
May	23.13	22.47	23.23	22.47
Jul	23.47	22.77	23.59	22.82
Aug	23.47	22.80	23.70	22.90
Sep	23.52	22.83	23.60	22.30
Oct	23.60	22.83	23.60	23.18
Dec	23.70	23.07	23.80	23.10
Jan	23.85	23.07	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	168.5	170.1	171.3	168.1
May	171.2	173.1	174.5	171.1
Jul	174.7	176.9	178.5	174.6
Aug	177.8	176.7	180.5	176.5
Sep	178.2	180.5	181.8	178.0
Oct	180.0	181.5	182.5	179.0
Dec	182.5	185.0	186.0	182.5
Jan	183.2	184.9	8	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	246/0	244/0	247/4	244/0
May	256/0	254/6	258/0	254/2
Jul	263/2	262/0	265/2	261/6
Sep	264/6	263/6	266/6	263/6
Dec	267/0	266/2	268/2	265/2
Mar	274/2	273/4	275/2	272/2
May	279/0	278/6	279/4	278/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	271/0	269/0	276/4	270/4
May	280/6	278/6	287/0	279/4
Jul	290/4	289/0	297/2	289/4
Sep	297/4	297/4	304/4	297/4
Dec	311/0	310/6	318/6	311/0
Mar	321/0	318/0	325/0	319/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	80.47	80.22	80.52	80.05
Jun	77.02	77.07	77.25	76.85
Aug	74.72	74.67	74.85	74.55
Oct	75.25	75.00	75.30	74.95
Dec	76.07	73.50	76.20	75.80
Feb	75.62	75.70	76.10	75.65
Apr	76.20	76.10	76.20	75.90

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	51.62	01.70	52.15	61.42
Jun	56.45	56.47	56.85	56.20
Jul	55.85	56.02	56.27	55.70
Aug	53.30	53.20	53.60	53.00
Oct	47.92	47.72	48.60	47.70
Dec	47.25	47.20	48.10	47.70
Feb	47.50	47.32	47.56	47.25
Apr	45.70	45.50	[illegible]	[illegible]

PORK BELLIES 40,000 lb; cents/lb				
	Close	Previous	High/Low	
Mar	63.07	63.95	64.80	62.70
May	63.45	64.12	64.00	62.65
Jul	61.10	63.30	64.00	61.00
Aug	61.05	61.60	62.40	60.90
Feb	58.75	58.20	58.00	58.15
Mar	59.00	58.00	[illegible]	[illegible]

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LONDON STOCK EXCHANGE

Blue chips unable to hold early gains

AN INITIAL upturn, which took the UK stock market to within five points of FT-SE 2,400 yesterday morning, proved more than investors would support for the present, and the rest of the session saw share prices moving narrowly before closing a shade lower on the day. The investment focus turned towards second line issues and the unwillingness to chase blue chip stocks any higher for the present was proof even against a firm start to the new Wall Street session.

The mood remained optimistic, with falling interest rates in the UK and hopes for some recovery in economic activity in the second half of the year supporting the market at its new levels. However, Friday's enthusiasm over the prospective rebuilding of Kuwait cooled off on the news that only one UK firm has won a contract for emergency repair work. A firmer trend in crude oil prices was also a discouraging factor for UK equities.

Despite having survived last week's heavy list of potential hazards in the corporate reporting calendar, investors remained cautious as they awaited this week's news from UK business. A cut in dividend payment from Midland Bank when it reports profits today is now regarded as virtually inevitable, and this prospect cast a shadow over Standard Chartered where the dividend is also in question when it reports next week. Hints that a rights issue may accompany results tomorrow from Cadbury Schweppes helped restrain the market.

The burst of strength at the opening took the FT-SE Index ahead by 9 points to 2,396.9, raising hopes that the market could regain the 2,400 territory last seen at the end of July. But investment activity, as distinct from inter-dealer business, was slow and share prices reacted smartly when the premium on the FT-SE *futures was trimmed to* a mere few points.

Equities quickly lost their early advance and spent the rest of the day shuffling around Friday night's closing levels. Support weakened towards the close as Wall Street made an uncertain start; the Dow's climb to a gain of 16 points came only at the very end of London's trading day. At its final reading of 2,382.9, the FT-SE index was 4 points off.

Seaq-recorded volume, which takes in both customer and inter dealer interest, remained high at 499.8m shares, but was well down on Friday's 594.6m. A contrasting increase in the number of share lots traded, from 36,810 to 37,518, bore out comments that institutional buyers are now showing increased attention to the sec*ond line stocks which* are traded in smaller lots than are the FT-SE 100 listed shares which normally dominate market trading.

Speculative interest was revived by two takeover moves. Coats Viyella, the textile group, returned to bid again for Tootal, offering £191m but leaving the market convinced that it will be obliged to increase the offer. In retailers, Sears offered £150m for Grattan, the mail order subsidiary of Next.

Equity strategists were inclined to dismiss yesterday's slower performance from equities which was seen as a natural pause in a market now apparently on the bull tack. At Hoare Govett, Mr Richard Jeffrey repeated his target of FT-SE 2,600 by mid-year, with a new all-time high by Budget *Day not ruled out.*

However, Barclays de Zoete Wedd, commented that there may be less support for the UK from international market forces in the days ahead.

Account Dealing Dates		
*First Dealings:		
Feb 25	Mar 11	Apr 2
Option Declarations:		
Mar 7	Mar 27	Apr 11
Last Dealings:		
Mar 8	Mar 28	Apr 12
Account Day:		
Mar 18	Apr 8	Apr 22

*New-time dealings may take place from 8.30 am two business days earlier.

Recall in US hits Wellcome

WELLCOME fell heavily on news that the company's US operation had recalled a common cold drug after two deaths from cyanide poisoning on the US West Coast had been linked to it. The company sees sabotage as the most likely explanation for the deaths.

The affair recalled the poisoning in 1982 of Tylenol, a pain killer made by Johnson & Johnson. Rehabilitating Tylenol cost $100m, but analysts said yesterday that Sudafed was a smaller product; world sales amount to $109m. About 15 per cent of that total is the 12-hour version, which is not available in the UK without a prescription.

Wellcome was 27 down at one point in active trading. It closed at 483p - a decline of 16 - on turnover of 1.7m shares.

Cadbury pressured

Cadbury Schweppes came under pressure on speculation that it would make a rights issue when its annual results are announced tomorrow. The shares retreated 10 to 351p.

The stock has been afflicted by suggestions of an equity issue ever since Tesco, the supermarket group, made its £572m rights offer in January.

The possibility of Cadbury bidding for Dr Pepper/7-Up, the US soft drinks manufacturer, was also mentioned. Analysts said that while Cadbury may be interested in Dr Pepper, the leveraged financing of the US group remained a worry.

There was some talk that the final results may disappoint, although most food specialists agreed that Cadbury would announce a modest increase in profits to between £275m to £285m, compared with £244m last time.

WPP advance

Shares and convertible stock in WPP, the advertising group, moved sharply higher on stories of progress in refinancing talks, press comment on a possible disposal of the company's UK public relations business, and recommendations from at least two brokers. The first two of these may be clarified with the final results, due on Thursday.

S.G. Warburg identified several reasons for buying the stock and, in particular, the convertible. It pointed out that the convertible is cumulative, so that if the company trades its way out of trouble, holders will get their dividends in the end. It said that as preference shares, they gave holders rights second only to those of the banks if the company failed. And if there were a share issue, perhaps similar to that organised by Saatchi & Saatchi last month, the convertibles had 214m votes, against 42m for the ordinary shares, so holders should be able to ensure they get a reasonable deal.

The convertible jumped to 30p before closing a net 5 better at 27p. It was at 18p on Friday morning. The shares climbed 28 to 115p in modest turnover. Traders said there had been US buying.

Tootal/Coats active

The long-awaited announcement by Coats Viyella that it was bidding again for Tootal boosted the share prices of both textile companies.

Coats bid £193.7m for Tootal, valuing its ordinary shares at 65p cash, their Friday closing price and more than half the price of the previous attempt in 1989 when it bid £395m or 138p a share. Coats jumped 15 to 128p on a turnover of 5.2m.

Mr Lawrence Rubin at SG Warburg said the market believed Coats was prepared to pay another 5p but no more. The rise in Coats was assisted by satisfaction with end-of-year results – profits were down but the dividend was better than expected and gearing was lower than forecast.

Tootal gained 6 to 71p on a turnover of 3.3m. Later the company announced that the offer "does not fairly reflect Tootal's record or prospects" and advised its shareholders to reject the bid.

Ever-volatile Reckitt & Colman fell 24 to 1350p as a top City securities house suggested investors switch into a health and household second liner.

Fisons, with finals today, climbed 6 to 439p and SmithKline Beecham, which publishes its results tomorrow, added 6 at 715p.

The worst performer of the day in the banks sector was Midland. Press reports that it would cut its dividend with its final results today surprised enough people to leave the shares 5 off at 190p after heavy volume. Traders said the new dividend could be 5p to 6p, compared with 10.7p last time, but that some buyers thought this would be good for the balance sheet. The result was good two-way business and turnover reached 10m.

Standard Chartered, in which stories that the dividend would be cut have been circulating for rather longer, lost a net 5 at 295p, having bottomed at 284p.

The composite insurers continued to jockey for position in the wake of the slew of results last week. One broker recommended a switch from Commercial Union, 2 off at 527p, into Royal Insurance, 3 better at 468p. However, the outstanding performer was General Accident, which continued to recover from recent weakness with a rise of 19 to 560p.

Water issues were flat with the exception of Yorkshire, which gained 2 to 305p after management changes.

A fall in profits for Persimmon, a builder, was counteracted by a raised dividend and optimism over interest rates. The shares jumped 19 to 47p.

Costain, one of the UK builders awarded an emergency reconstruction contract in Kuwait, slipped 7 to 223p. The shares had risen by almost 30 per cent in the past month and investors took profits.

Hawker Siddeley was squeezed up 15 to 564p in thin turnover of 609,000. J. Hewitt, maker of night storage bricks and refractories for potteries, announced that it had turned round the previous year's loss of £172,000 to make a £585,000 profit. The shares moved ahead 12 to 151p.

A spate of presentations by the company to investment houses last week and confidence over the yield helped British Steel to overcome analysts' cuts in profit forecasts and gain 2¼ to 142¼p. One marketmaker said keen buying from Japan and the US had kept turnover brisk and 12m shares were traded.

GKN hardened 5 to 269p ahead of results due out tomorrow.

Orders worth up to £39m boosted the shares of Weir, the Glasgow-based engineer specialising in pumps and valves, by 14 to 334p.

Torday & Carlisle, the specialist engineering group, closed up 10 at 135p after announcing a rise in profits to £4m from £3.3m.

Lilleshall, the industrial distribution and building products company, picked up 4 to 104p on the back of reassuring profits and a raised dividend.

An optimistic statement from Ransomes, one of the world's biggest grass machinery manufacturers, lifted the shares 4 to 104p. The company said it had benefited from acquisitions in 1989, and its decline in preliminary profits from £14.4m to £9m was merely a result of increased interest charges.

Marks and Spencer receded 6 to 235p as news that it is to cut its graduate recruitment intake revived worries about current trading. A line of stock on offer also weakened the shares.

Sears was unchanged at 91p as it offered £150m for Grattan, the mail order division of Next. Analysts believe Otto Versand, of Germany, which has already bid £140m, will return with a higher offer. Next was unchanged at 30½p.

Geest, a tightly held stock, climbed 24 to 318p on suggestions that Dole, a US food company, might launch a bid. Food specialists thought this unlikely; only last month there was talk of Geest bidding for Dole. Hunter Saphir put on 2 to 70p as the company announced plans to bolster its balance sheet by way of a £14.2m convertible preference share issue.

Ladbroke, with finals tomorrow, climbed 11 at one point before closing 3 to the good at 272p. Sentiment has been boosted by positive pre-results notes from broking concerns such as Nomura and Carr Kitcat & Aitken. They both forecast full year profits of £310m.

Granada's annual meeting helped the shares recover from early weakness. They had been hit once again by fears for the future of BSkyB, the satellite television company. The price declined 6 at one point before closing 3 off at 174p.

The institutions' hunt for second and third line media stocks spilled over into the TV sector. Yesterday's gainers included Scottish TV, where a single buyer pushed the price 10better to 546p.

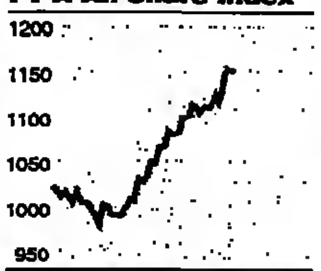
Publicity given to a spate of holiday bookings in the wake of the ending of the Gulf war helped Airtours gain 16 to 189p. Similarly, recreational boat builder Fairline Boats climbed 13 to 438p and Friendly Hotels improved 10 to 235p.

Bass bucked the trend in an otherwise depressed brewing sector with a rise of 21 to 1075p. Traders said a Japanese broker had been buying the stock and turnover was good at 1.3m shares.

Media agencies continued to attract investors looking for recovery plays. Gains were exaggerated in this thinly traded sector, with Geers Gross rising 5 to 32p and Aegis climbing 15 to 165p, the latter ahead of finals today.

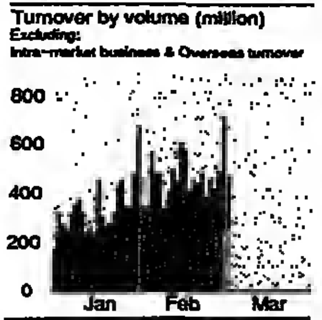
■ Other Market statistics, including the FT-Actuaries share index, Page 28

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (110).
AMERICANS (1) BANKS (3) BREWERS (2) BUILDINGS (17) CHEMICALS (1) STORES (7) ELECTRICALS (13) ELECTRICITY (1) ENGINEERING (4) FOODS (5) INDUSTRIALS (22) Baird (Wm.), Barla, Baynes (Charles), Bellorware Cons. Prods., British Aerospace, British Vita, Cape, China Light, Creighton Naturally, Fisons, Low & Bonar, Sanders & Sidney, Serco, Sidlaw, Silentnight, SmithKline Beecham Equity Units, Do. A, Spandex, Spring Ram, Unichem, Vinten, Yale & Valor, INSURANCE (2) LEISURE (3) MOTORS (1) PAPERS (3) PROPERTY (4) SHOES (2) TEXTILES (1) TRANSPORT (1) TRUSTS (17).
NEW LOWS (15).
CANADIANS (1) BANKS (3) ELECTRICALS (3) INDUSTRIALS (3) Fober Prest, Shaw (Arthur), Tubular Edgington, INSURANCE (1) LEISURE (1) PROPERTY (1) TEXTILES (1) TRUSTS (1).

FINANCIAL TIMES STOCK INDICES

	Mar 4	Mar 1	Feb 28	Feb 27	Feb 26	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	84.91	84.76	85.00	85.39	85.39	77.88	85.88 (19/2/91)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.15	93.22	93.47	93.56	93.80	88.12	94.23 (19/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1918.1	1918.2	1910.7	1877.8	1855.0	1755.6	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	143.0	143.0	137.7	134.4	131.2	276.5	278.5 (6/2/90)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2382.9	2386.9	2380.9	2348.0	2322.2	2230.5	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 200	1094.59	1098.10	1095.65	1083.75	1079.79					
Ord. Div. Yield	5.03	5.04	5.06	5.14	5.19	5.00				
Earning Yld %(full)	9.73	9.75	9.79	10.72	10.82	11.81				
P/E Ratio(Net)(‡)	12.63	12.60	12.55	11.26	11.17	10.24				
SEAQ Bargains 4.45pm	37,518	36,810	42,398	31,226	29,511	24,203				
Equity Turnover(£m)†	-	1029.36	1612.52	1089.38	895.73	653.15				
Equity Bargains†	-	38,457	41,891	31,513	31,227	23,845				
Shares Traded (ml)†	-	470.3	712.9	494.9	420.5	341.2				

Ordinary Share Index, Hourly changes — Day's High 1929.6 — Day's Low 1913.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1928.7	1925.2	1919.5	1918.8	1920.1	1924.8	1918.9	1921.0	1919.9

FT-SE 100, Hourly changes — Day's High 2396.7 — Day's Low 2378.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2395.9	2392.3	2387.4	2387.7	2384.7	2392.7	2385.8	2388.4	2378.7

FT-SE Eurotrack 200, hourly changes — Day's High 1097.85 — Day's Low 1092.02

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1093.06	1092.53	1095.54	1097.85	1097.18	1093.31	1095.19

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ‡Nil 12.29

GILT EDGED ACTIVITY

Indices*	Mar 1	Feb 28
Gilt Edged Bargains	104.5	105.1
5-Day average	104.6	101.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

LONDON equity futures continued to follow the uncertain lead of US futures and the UK share market, trading in a tight range but eventually finishing lower on the day.

The rally in underlying equity markets created nervousness in derivative markets and there were signs that some big institutions were beginning to sell larger amounts of futures.

Much of the day's business was generated by the unwinding of deals, known as basket trades, involving Footsie stocks and futures. Yesterday, investors were taking advantage of the narrowing of the differential between futures and shares by buying back futures and selling stock.

The March FT-SE index closed at 2,388, down 6 points. The gap between the March FT-SE and the spot FT-SE ended at 6 points, compared with 7 on Friday.

Traded options turnover was boosted by a large inter-marketmaker deal, which analysts said was a hedge on the likely direction of UK interest rates.

The deal involved 2,500 lot trades in the March 2,125 Euro FT-SE calls and puts and the March 2,425 calls and puts. This boosted overall option market turnover to 43,966, against 26,160 on Friday.

Among stock options, there was active selling of BP calls, while Rolls-Royce June 180 calls were a busy market.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1990: 126.7 and for January 1991: 130.2.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

[illegible]

AMERICANS—Contd

1990/91 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
46⅞	35⅛	CPC Intnl. 25c.	42⅜	+⅞	$2.00	–	2.4
[illegible]							

CANADIANS

[illegible]

Continued on next page

APPOINTMENTS

Seconded to Lautro

■ Mr Colin Hawtin, marketing development manager at Save & Prosper, has been seconded to LAUTRO for two years as senior policy officer (advertising and product disclosure). Mr Mike Hayhurst will take over at Save & Prosper.

■ Mr Richard C. North, group finance director, has been appointed to the main board of THE BURTON GROUP.

■ Mr R.G. Stone, managing director of Winchester Bowring, has been appointed managing director of C.T. BOWRING REINSURANCE. He remains on the board of Winchester Bowring, and joins the London operating committee of Guy Carpenter & Co Inc. Mr S.M. Wasilewski has been appointed a director of Winchester Bowring. Mr R.L. Walker and Mr J.H. McGarey have been appointed directors of Bowring Marine & Energy. Mr M.A. Hardinge has been appointed an executive director of Bowring Financial & Professional Insurance Brokers, and Mr J.D. Sutton becomes a director. All are Marsh & McLennan companies.

■ Mr William W.C. Syson has been appointed non-executive chairman of CITY SITE ESTATES, succeeding Mr N. Goodman who has retired. Mr Syson recently retired as chief head office manager and assistant general manager of the Bank of Scotland.

■ Mr Ernst Schneebeli and Dr Karl Muhlebach of Swiss Life Insurance and Pension Co, Zurich, have been appointed to the board of SWISS PIONEER LIFE, UK, a wholly-owned subsidiary.

■ Mr David Dalton *(pictured)* has been appointed managing director, operations, at HUNTERPRINT GROUP. He was works director, Guardian Newspaper Group, and succeeds Mr Eric Holroyd, who retires on April 7.

■ Sir Ronald Halstead has been reappointed chairman of the INDUSTRIAL DEVELOPMENT ADVISORY BOARD for a fourth two-year term. He is deputy chairman of British Steel, and a non-executive director of the Davy Corporation, Gestetner, and American Cynamid.

■ Mr William T. Branth has been appointed managing director of BIKUBEN-WHITEFRIARS, UK broking division of Sparekassen Bikuben, Denmark. He was senior manager, private banking, Den Danske Bank, London.

■ Mr Kwai Choy Wong has joined the board of BENCHMARK GROUP as deputy group managing director. He was general manager, manufacturing and trading division, First Capital Corporation, Singapore.

■ HALL ENGINEERING (HOLDINGS) has appointed Mr Brian Hinkins as group managing director. He was managing director of Stadco, a group company, where he has been succeeded by Mr Alan Mace. Mr Terry Ennis becomes managing director of Norlec Engineering, another Hall Engineering subsidiary.

■ VISNEWS, in which Reuters has a majority interest, has elected Reuters chief executive, *Mr Peter Job, as chairman* following the resignation of Mr Peter Holland.

■ ALSFORD PAGE & GEMS (HOLDINGS) has appointed Mr Uri A. Kabrovski and Mr Leslie H.M. Judd as directors. At subsidiary Alsford Page & Gems the following non-board appointments have been made: Mr Howard E. Thomson and Mr Michael A.P. McHaffie, broking directors; Mr Kenneth A. Ward, information technology director; Mr George E. Wooder, accounts director; and Mr Colin J.S. Martial, claims director.

■ Mr Tony C. Blevins has been appointed finance director of TEXACO, London, from May 1, succeeding Mr John A. Gatens who becomes fiscal director of Texaco Europe, based in New York.

■ Mr Derek Fryer *(pictured)* has been appointed deputy managing director of TAYLOR WOODROW MANAGEMENT CONTRACTING. He remains chairman of Taylor Woodrow Management Contracting (Northern), and succeeds Mr Mike Hinge who is promoted to managing director.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro Fl5. ...	£9¼	...	Q28%	2.1	8.9	5.3
303	121	ANZ SA1. ..	136	–2	Q38c	1.9	11.4	4.7
267	172	Abbey National 10p.	263	+6	9.5	q3.0	4.9	8.9
*274	126	Allied Irish Ord.....	171	–2	tQ40%	3.3	5.2	7.7
85	47	Anglo Irish ...	63	–2	Q18.6%	2.3	6.6	8.3
93	41	Ansbacher (H.) 1p ..	41	–2	2.5	1.3	8.1	11.8
£71¼	£32	Bancaire Cie Fr100 ..	£51	–¾	[illegible]	–	2.6	–
£22¼	£12½	Banco Bilbao Viz ..	£16¾	...	Q49.1%	2.7	5.0	7.4
£58	£21	Banco de Santander ..	£27	.....	Q28.7%	2.3	4.3	9.8
286	130	Bank Ireland IrE1.	162	....	Q14.7%	2.9	7.2	6.4
£19½	£18	Bank Leumi.	£19½	...	–	–	–	–
351	320	Bank Leumi (U.K.) £1..	350	....	16.0	–	6.1	–
134	100	Bank Scotland ...	132	+1	t4.55	3.4	4.6	8.4
110	83¼	Do 9¼pc Irrd Pf £1	103	–½	9¼%	–	12.0	–
107¾	99½	Do. 9¼pc Irrd Pf £1.	106½	–½	9¼%	–	12.2	–
54	39	Bank of Wales......	42	...	2.8	0.8	8.9	(20.2)
435	290	Barclays £1...	431	+2	21.15	♦	6.7	♦
22	9	Benchmark 20p. .	9	...	0.75	–	11.1	–
335	195	Brown Shipley £1....	224	...	‡12.0	2.2	‡	7.2
*458	295	Cater Allen £1. ..	457	...	F24.5	–	7.1	–
179	29	Chancery ...	36	...	‡9.0	2.7	‡	1.4
£23¼	£14	Commerzbk DM10..	£18	.....	Q18%	–	3.4	–
£13¼	620	Dai Ichi K Bk Y50 .	844	–31	Q17%	6.2	0.4	39.9
[illegible]	[illegible]	Deutsche Bk DM50 ..	£210¼	+1½	Q28%	–	2.1	–
£20¼	£14	Espirito Santo ...	£17	....	Q75c	5.1	2.2	8.7
253	152	First Nat. Fin. 10p.	187	..	13.0	1.2	9.3	(11.1)
121	78	FNFC 6.3pc Cv Pf £1..	98	...	6.3%	–	8.6	–
£13¼	633	Fuji Bank Y50	987	–17	tQ17%	6.9	0.3	42.0
340	262	Gerrard & National..	339	..	19.0	–	7.5	–
154	63	Guinness Mahon 10p	63	–4	1.45	–	3.1	–
328	194	Hambros 20p	274	+1	t11.5	–	5.6	–
128	88	Do 7.5pc Cv Pf £1.	115	+1	7½%	–	8.7	–
53½	29	HK & Shang. HK$2.50	38½	+½	K039c	–	6.8	–
478	373	Joseph (Leo) £1. ..	378	....	15.85	–	5.6	–
150	105	King & Shaxson 20p	138	+1	10.25	–	9.9	–
422	249	Kleinwort Benson Grp	340	+8	16.0	2.5	6.3	8.0

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

هكذا من الاصل

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- "Tap Stock"
- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Not officially listed.
- Prior at time of suspension
- Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress
- Not comparable
- *Same interim; reduced final and/or reduced earnings indicated*
- § Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B *Preference dividend passed or deferred.* C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. R Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	475	......
Finlay Pkg. 5p	30	......
Holt (Jos) 25p	1313	......

IRISH

Cap. 8½% Ln 1991	£99½	......
9pc Cap Ln. 1996	£97¼	......
Fin. 13% 97/02	£114	......
Arnotts	160	......
Carrol (P.J.)	154	......
Hefton Hldgs.	45	......
IRG	138	......
United Drug	150	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Aster (BSR)	4½
BAT	46
BOC Grp	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons	30
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	28
Gen Accident	43
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	70
Ladbroke	22
Legal & Gen	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	11
Marks & Spencer	19
Midland Bk	16
Nat West Bk	21
P & O Dfd	44
Racal Elect	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl Beecham A	51
TI	35
TSB	11
Tesco	19
Thorn EMI	58
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property	
Brit Land	24
Control Secs	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils	
Aviva Petlm	3
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res	1½
Premier	7
Shell	37
Tuskar Res	2
Ultramar	29

Mines	
Lonrho	19
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	90 07	98 97	96 00	-1 10	0 44
Income & Growth	5¼	59 61	59 74xd	63 41	+0.38	6 15
European (z)	5¼	53 00	53.71xd	57 01	-0 35	1 25
Nth American (z)	5¼	33 42	33 42	35 07	+0 31	1 48
Intl Growth	5¼	57 25	58 26	61 84	+0 11	0 81
UK Growth	5¼	52 23	53 38	55 66	+0 M	2 53
Intl Income	5¼	45 10	45 64xd	48 44	-0 32	6 16
High Yield	5¼	45 07	45 68	48 49	+0 29	7 10
Charities	5¼	88 96	99 25xd	95 00	+0 72	5.04
Japan	5¼	37 09	37 00xd	39 27	-0.16	-

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth	6	65 86	65 86	70 44	-0 03	3 51
Uit High Income	6	34 00	54 09	36 56	+0 17	5 51

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing 0705 387730

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	29 27	29 39	31 34	+0 27	1 63
(Accum Units) ♥	5¼	31 32	31 46	33 55	+0 30	1 63
Australian ♥	5¼	149 30	150 80	161 80	-2 00	3 39
(Accum Units) ♥	5¼	168 05	169.90	182.20	-2 30	3 39
Conscience	5¼	46 60	49 30	52 82	+0 33	1 48
(Accum Units)	5¼	30 97	51 91	55 39	+0 35	1.46
European	5¼	136.10	138 05	147 10	+0 80	1 09
(Accum Units)	5¼	143 05	165 30	195 05	+0 70	1 06
Extra Income	5¼	63.70	63 70	67 98	+0 41	8.99
(Accum Units)	5¼	86 21	86.21	92.00	+0 54	8.99
Far East Gth Acc ♥	5¼	105 30	105 30	112.50	+0 80	0 20
Gilt & F I.	5¼	50.99	50 90xd	53.88	-0.06	9 30
(Accum Units)	5¼	107.05	107 10	113.30	-0.20	9 30

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE. Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE. The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (●) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants SP10 1RE 0264 346794

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	120 62	121 47	129 22	-1 15	0 5
Do Accum	6	131 85	132 78	141 25	-1 25	0 5
TSB Brit Growth	6	70.74	71 82	76 4	-0 41	3 6
Do Accum	6	78 21	79.41	84 47	-0 46	3 6
TSB European	6	71 34	71 72	76 29	+0 18	1 00
Do Accum	6	73 93	74.32	79 06	+0 19	1 00
TSB Extra Income	6	155.65	157 34	161 38	-0 83	5 3
Do Accum	6	224 47	226 91	241 39	-1 2	5 3
TSB Smaller Cos	6	41.1	42 42	45 33	+0 3	2 89
Do Accum	6	43.49	45 14	47 97	+0 4	2 89
TSB General	6	216 71	218 89	232 86	-0 17	3 77
Do Accum	6	405.29	408.44	434 51	+0 3	3 77
TSB Premier Income	5	43 47	44 11	45 94	-0 11	8 62
Do Accum	5	77.8	78.94	82 22	-0 19	8 62
TSB Income	6	292 0	298.03	317 05	-2 66	5 23
Do Accum	6	544 5	554.04	589 4	-4 95	5 23
TSB Pacific	6	209 64	213 43	221 05	+0 32	0 37
Do Accum	6	218 34	222 08	236 25	+0 34	0 37
TSB International	6	366 7	369 42	393 53	-1 46	0 83
Do Accum	6	470 37	474 5	504 70	-1 87	0 83
TSB Nat Resources	6	58 03	59 08	62 85	+0 2	1.17
Do Accum	6	62 96	64 09	68 10	+0 2	1 17
TSB Slctd Opps	6	76 82	78 46	83 46	+0 67	3 36
Do Accum	6	91 68	93 64	99 61	+0 79	3 36
Environmental Inv	6	44.8	45.18	48 06	-0.14	2 38
Do Accum	6	46 22	46 62	49 69	-0 15	2 38
TSB Selector	6	46 67	47 47	50 49	+0 28	4 02
Do Accum	6	48 09	48 9	52 02	+0 29	4 02
TSB High Income	4	49 86	50 76	53 99	+0 2	5 83
Do Accum	6	51.19	52 1	55 42	+0 2	5 83
TSB Intl Income	6	49 36	49 66	52 82	-0.05	6 72
Do Accum	6	49 36	49 66	52 82	-0 05	6 72
TSB Selector Income	6	49 25	49 85	53 03	-0 19	6 22
Do Accum	6	49 25	49.85	53 03	-0 19	6 22

Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks.
Admin 0296 394000 Dealing: 0296 312154

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Eagle	5	70 19	70 19	74 86	+0.95	1.14
Australia	5	5.41	8 41	5.79	-0.06	6 60
Equity	5	156.7	156 7	168 2	+0.2	4 76
Euro Spec Sits	5	106.3	106.3	114 5	+0.3	0 60
Financial	5	28.06	28 06	30 16	-0 06	4 95
Global Opps Inc	5	62 19	62 19	56 88	-0 01	1 59
Global Opps Acc	5	63.94	63.94	00 33	-0 01	1 59
Gold & Gen Inc	5	36 22	35 22	37 88	-0 16	1 45
Gold & Gen Acc	5	65.84	65 84	70 82	-0.29	1 45
Income	5	99.07	94 07	100 5	+0 4	6.17
Japan & General	5	124.7	124.7	134 1	-1 2	0 00
Preference Share	5	18 76	19 01	20 44	+0 02	12 98
UK Capital	5	83.64	83 64	89 00	-0 21	3.89
World Income	5	61.86	61 86	66 52	+0 12	5.29
Worldwide Capital	5	161.4	161.4	173		

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	100 25	100 25	-0 4	10 76
(Accum Units)	545 48	545 48	-2 2	10 76
NAACIF Dist 1	-	41 44		9 72

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity I Feb 28	123 1	131 9	...	2.97
UK Small Co I Feb 28	484 4	502		2 15
Fixed Interest I Feb 28	105 6	111 0	-	8 00
US Small Co Feb 28	127 2	136 0		0 00
Managed Feb 28	103 6	109 1		1 33
Intl Bond Feb 28	111 7	117 8		7 77
Japan Feb 28	70 63	75 48		0 91
European Feb 28	84 00	89 85	-	1 64
Nth American Feb 28	94 25	101.1	-	1 39

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Feb 27	44.78	46 57		3 20
Euro Expt Feb 27	48 70	51 14		2 27
Fixed Int Ex Feb 27	46.91	47 87		10 40
Japan Expt Feb 27	44 10	45 86	..	0 75
Managed Ex Feb 28	41.95	42.89	-	4 65
SE Asia Expt Feb 27	62 94	64.00	-	4 60
Sm Cos Expt Feb 27	29 40	30 86	...	5 96
UK Eqty Ex Feb 27	38 55	40 47		4 22

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Cos Feb 5	573 0	609 8	-	5 94
Do Accum	640 3	684 9	-	5 94
Int Expt Feb 27	163 2	166 2	-	2 91
UK Index Feb 5	1015	1030		3 85
Do Accum	1083	1101		5 85
Convertible Mar 1	91 19	94 0	+1 96	7 97
World ex UK Index Feb 25	735 1	744 2	-	2 11
Do Accum	735 1	744 2	-	2 11
Japan Index Feb 25	540 1	548 1		0 51
Do Accum	591 6	599 7		0 91
USA Index Feb 25	862 0	867 3	-	3 46
Do Accum	883 2	888 6		2 87
European UK Index Feb 25	862 50	882 40		2 87
Do Accum	862 10	902 3		2 87
Pacific ex Japan Index Feb 25	805 3	827 7		5 02
Do Accum	835 1	858 4		5 02
Managed Exempt Feb 27	98 92	100 7	...	5 9
American Exempt Feb 27	118 6	129 7		3 6
European Exempt Feb 21	112 4	112 8		5.91
Japan Exempt Feb 27	108 3	110 7	...	0 16
Pacific Basin Feb 21	109 5	111 9		4 89

NM Rothschild Asset Management Ltd

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd.	100.0	105.3	+0.4	-
Pension Managed Fd	96.2	101.3	+0.6	-
Life Deposit Fd	105.0	110.5	+0.1	-
Pension Deposit Fd	109.2	114.9	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	106.0	115.9	....	-
Managed Growth	129.3	141.4	....	-
Managed Opportunity	125.3	137.7	....	-
NFMC Target Financial	96.8	104.1	....	-
Pension Funds				
Managed Cautionary	114.3	125.0	....	-
Managed Growth	139.1	148.5	....	-
Managed Opportunity	127.5	139.4	....	-
NFMC Target Mngd Pens	1425.9	1549.9	....	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	131.6	159.6	....	-
UK Equity	158.2	166.6	....	-
Overseas Equity	124.2	130.8	....	-
Fixed Interest	142.5	150.1	....	-
Property	130.1	137.0	....	-
Index Linked	144.3	151.9	....	-
Deposit	137.3	159.3	....	-
With Profits LBI	126.5	133.2	....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	335.2	352.9	+1.6	-
UK Equity	426.3	448.8	+3.1	-
Overseas Eq.	321.1	338.1	+1.4	-
American	252.7	266.1	+2.1	-
Far East	332.9	350.5	-0.8	-
Property	193.6	203.8	+0.2	-
Fixed Int.	252.6	265.9	-0.4	-
Indexed Gilt	150.7	158.7	+0.2	-
Deposit	177.5	186.9	+0.2	-
Pension Fund (Accum Units)				
Managed	469.9	494.7	+2.1	-
UK Equity	553.0	582.2	+3.4	-
Overseas Eq.	531.6	559.6	+2.2	-
Americas	332.1	349.6	+2.5	-
Far East	562.9	592.6	-1.7	-
Property	243.1	255.9	+0.6	-
Fixed Int.	309.7	326.1	-0.4	-
Indexed Gilt	166.1	174.9	+0.1	-
Deposit	246.7	259.7	+0.3	-
NPI Pensions Management Ltd				
Managed Fund	1031.6	1050.0	....	-

Prices Mar 1 Next dealing Acc 2

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 606787

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	68.7	72.3	+0.3	-
Stock Market Mngd Fund	66.3	69.8	+0.3	-
Equity Fund	75.4	79.3	+0.4	-
International Fund	50.1	61.2	+0.3	-
European Fund	63.7	67.0	+0.3	-
North American Fund	63.0	66.3	+0.5	-
Pacific Fund	61.9	65.1	+0.1	-
Property Fund	83.9	88.3	....	-
Fixed Interest Fund	57.4	60.4	....	-
Index linked Sec Fund	61.0	64.2	....	-
Deposit Fund	68.1	71.7	+0.1	-
NUAM Retirement Plans				
Mixed Fund	74.7	78.6	+0.3	-
UK Ordinary Share Fd	87.7	92.3	+0.6	-
International Fund	61.7	64.9	+0.1	-
Property Fund	82.4	86.8	+0.1	-
Fixed Interest Fund	69.1	72.7	-0.1	-
Index Linked Sec Fund	64.7	68.1	+0.1	-
Deposit Fund	79.9	84.1	+0.1	-
NUAM (NP)				
Managed Fund	967.5	1060.5	+4.2	-
Equity Fund	2060.2	2168.7	+12.5	-
International Fund	153.6	161.7	+0.7	-
Property Fund	531.2	559.2	+0.1	-
Fixed Interest Fund	430.3	453.0	-0.4	-
Index Linked Sec Fund	62.2	65.5	+0.1	-
Deposit Fund	280.1	294.9	+0.2	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	100.46	116.22	+0.09	-
Managed Fd	92.62	97.49	+0.43	-
UK Ord Share Fd	98.77	103.97	+0.61	-
International Fd	84.93	89.40	+0.38	-
European Fd	87.42	92.02	+0.38	-
North American Fd	88.95	93.64	+0.90	-
Pacific Fd	73.01	76.85	+0.11	-
Property Fd	96.29	101.36	+0.01	-
Fixed Int Fd	101.48	106.80	+0.03	-
Intl Bond Fd	94.51	99.49	-0.18	-
Deposit Fd	110.09	115.88	+0.09	-
Unitised Pensions				
With Profits Fd	146.00	153.68	+0.17	-
Managed Fd	150.18	158.08	+0.65	-
UK Equity Fd	162.19	170.73	+1.07	-
International Fd	146.38	154.08	+0.30	-
European Fd	140.89	148.31	+0.61	-
North American Fd	149.32	157.17	+1.47	-
Pacific Fd	107.99	113.68	+0.18	-
Property Fd	149.90	157.79	+0.09	-
Fixed Int Fd	122.30	128.74	-0.17	-
Intl Bond Fd	121.08	127.46	-0.03	-
Bldg Soc Dep Fd	139.34	146.67	+0.15	-
Pensioninvestor* & Unit-Linked Plus*				
Mixed Fund	402.5	423.7	+0.6	-
Ordinary Share Fund	605.2	637.1	+19.6	-
International Fund	157.4	165.7	+2.9	-
Property Fund	254.1	267.5	-1.7	-
Fixed Interest Fund	346.7	364.9	-2.3	-
Index-Linked Sec Fund	182.1	191.7	-1.4	-
Deposit Fund	249.0	262.1	+0.7	-
Norwich Units Feb 15		981.39	....	-

*Prices as at February 28

	Bid Price	Offer Price	+ or -	Yield Gross
Jersey Investment Plan				
With Profits Fund	108.81	114.53	+0.12	-
Intl Equity Fund	86.21	90.75	+0.39	-
Intl Bond Fund	102.09	107.46	-0.19	-

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Dist. (Gross)	146.9	154.7	....	-
Prop. Acc. (Gross)	265.9	279.9	+0.1	-
Equity (Gross)	812.2	855.0	+3.6	-
Managed (Gross)	564.0	593.7	+1.0	-
Prop. Acc. (Net)	125.4	132.0	....	-
Equity (Net)	188.9	198.8	+0.7	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	150.5	159.0	+1.5	-
Accum Equity	213.0	224.5	+2.0	-
Accum Managed	218.5	230.5	+1.5	-
Accum Five Star	161.5	170.5	+0.5	-
Accum World	117.0	123.5	+0.5	-
Accum Lifetime	108.2	108.2	-0.9	-
Pens Acc Equity	229.5	242.0	+3.0	-
Pens Acc Managed	270.5	285.5	+3.0	-
Pens Acc Intl.	194.0	204.5	+1.5	-
Pens Acc Deposit	192.5	203.0	....	-
Pens Acc Five Star	174.5	184.5	+1.0	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	217.6	229.6	+0.3	-
UK Fixed Int Acc	168.5	177.0	+0.1	-
Intl Equities Acc.	164.8	173.9	+0.5	-
UK Managed Acc.	167.5	176.6	+0.2	-
Property Acc	225.4	237.8	+0.1	-
Money Acc.	126.3	133.3	+0.7	-
Special Market Acc.	126.7	131.7	-0.7	-
Japan Equity Acc.	98.9	104.4	-0.2	-
North American Acc.	96.2	101.5	+1.0	-
Pacific Acc	85.0	89.7	+0.4	-
Technology Acc.	105.4	111.2	-0.9	-
Nat Resources Acc.	51.5	54.4	+0.8	-
European Acc.	96.2	101.5	-0.2	-
Residential Prop Acc.	95.7	101.0	....	-
Swiss Equities Acc	33.6	35.5	....	-
Hong Kong Acc.	[illegible]	58.4	+0.4	-
US High Inc Eq Acc	72.1	76.7	-0.2	-
Int Fixed Interest Acc.	[illegible]	57.9	....	-
Int Managed Acc	[illegible]	56.8	+0.1	-
HIP Managed Acc.	107.8	113.7	+0.9	-
HIF Managed II Acc.	94.5	99.6	-0.1	-
HIP Managed III Acc.			....	-
Total Investment Bond				
UK Equity Initial		148.6	+0.2	-
UK Fixed Int Initial		113.3	+0.1	-
Intl Equities Initial		111.9	+0.3	-
UK Managed Initial		118.6	+0.1	-
Property Initial		155.3	+0.1	-
Money Initial		86.8	....	-
Special Market Initial		98.8	-0.5	-
Japan Equity Initial		77.1	-0.2	-
North American Initial		74.9	+0.6	-
Pacific Initial		66.3	+0.4	-
Technology Initial		62.1	-0.7	-
Nat Resources Initial		40.1	+0.5	-
European Initial		86.6	-0.2	-
Residential Prop Init.		91.8	-0.1	-
Swiss Equities Initial		32.3	....	-
Hong Kong Initial		53.0	+0.2	-
UK High Inc Eq Init.		69.2	-0.1	-
Int Fixed Interest Init.		53.3	....	-
Int Managed Init.		52.5	+0.1	-
HIP Managed Init.		109.2	+0.8	-
HIP Managed II Initial		93.5	-0.1	-
HIP Managed III Init.			....	-
Broker Funds				
High Performance	67.6	71.3	+0.4	-
Townhill Mngd Fd Acc	50.5	53.2	+0.3	-
YRA Executive Fd.	87.3	92.0	....	-
C Global Growth Acc.	120.9	127.5	+0.5	-
E High Income Money Acc	136.9	144.4	+0.1	-
IM Balanced		51.2	+0.1	-
H.F. Speculator Fd.		119.5	+1.0	-
PEP Acorn II		109.0	+0.5	-
PEF Cautionary		68.4	....	-
AAFS Inc Man Fund		110.9	....	-
Andrew-Green Inv Port.		81.8	....	-
Individual Pension Funds				
UK Equity Acc.	239.1	252.3	+0.4	-
US Fixed Interest Acc.	211.9	223.6	+0.2	-
Intl Equities Acc.	213.2	224.9	+0.7	-
UK Managed Acc.	182.7	192.7	+0.2	-
Property Acc.	201.0	212.7	+0.1	-
Money Acc.	156.9	165.6	+0.1	-
Special Market Acc.	199.5	210.5	-1.0	-
Japan Equity Acc.	156.8	165.5	-0.4	-
North American Acc.	118.8	125.4	+1.2	-
Pacific Acc	150.8	157.6	+0.8	-
Technology Acc.	131.3	130.6	-1.3	-
Natural Resources Acc.	79.0	83.4	+1.2	-
European Acc.	110.0	116.1	-0.3	-
Residential Prop Acc.	102.1	107.8	....	-
Swiss Equities Acc.	33.7	35.6	....	-
Hong Kong Acc.	[illegible]	59.2	+0.3	-
UK High Inc Equ Acc.	[illegible]	83.0	-0.2	-
Int Fixed Interest Acc.	[illegible]	62.0	+0.1	-
Int Managed Acc.	55.0	58.0	+0.2	-
Group Pension Funds				
Equity Acc.	753.0	776.3	+4.5	-
Fixed Interest Acc.	623.2	642.5	+1.0	-
Managed Acc.	130.1	132.7	+0.8	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	1074.4	1128.1	+0.3	-
Equity Fund	252.1	264.7	+0.9	-
International Fd	129.7	136.2	-1.5	-
Fixed Interest Fd.	176.5	185.3	-0.2	-
Property Fund	223.7	234.9	....	-
Index-Linked Fund	154.0	161.7	+0.1	-
Deposit Fund	162.2	170.3	+0.1	-
Pens. Mixed (Ord) Fd.	262.6	275.7	....	-
Guild Pensions				
Discretionary Fund		128.1	....	-
Equity Fund		130.3	+0.4	-
Fixed Interest Fund		130.3	-0.2	-
International Fund		100.0	-1.1	-
Property Fund		138.2	....	-
Index-Linked Fund		129.0	+0.1	-
Deposit Fund		140.6	+0.1	-
S & F Consolidation		132.6	....	-
S & F Balanced		134.2	+0.7	-
S & F Maximum Growth		100.3	+0.6	-

Provident Mutual Life Assc. Assn.
Wilton Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord.	340.3	358.2	+1.7	-
Managed Init.	254.1	272.7	+1.1	-
Equity Ord.	507.4	534.1	+3.7	-
Equity Init.	386.4	406.7	+2.7	-
Index Linked Gilt Ord.	152.4	160.4	+0.1	-
Index Linked Gilt Init.	121.2	127.6	+0.1	-
Overseas Equity Ord.	259.5	273.2	+0.9	-
Overseas Equity Init.	197.6	208.0	+0.6	-
Property Ord.	214.6	225.9	+0.1	-
Property Init.	163.4	172.0	....	-
Fixed Interest Ord.	198.6	209.1	-0.1	-
Fixed Interest Init.	151.2	159.2	-0.1	-
Deposit Ord.	169.3	178.2	+0.2	-
Deposit Init.	128.9	135.7	+0.1	-
Pension Funds				
Managed Ord.	429.8	452.4	+2.5	-
Managed Init.	327.3	344.5	+1.9	-
Equity Ord.	659.9	694.6	+6	-
Equity Init.	502.5	528.9	+4.4	-
Pen Ind Lkd Gilt Ord	169.9	178.8	+0.1	-
Pen Ind Lkd Gilt Init.	135.1	142.2	....	-
Overseas Equity Ord.	293.8	309.3	+1.1	-
Overseas Equity Init.	223.7	235.5	+0.8	-

Royal Heritage Life Assurance Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Unit Trust Funds				
Gartmore Global Ser 0	148.1	155.9	-1.3	-
Gartmore NA Ser 0	88.7	93.4	+1.1	-
Gartmore Pacific Ser 0	231.9	244.2	+2.2	-
Henderson Acc Ser 0	178.2	187.6	+0.5	-
Perpetual Mng Ser 0	170.0	187.0	-0.6	-
Framlington Mn Ser 0	164.4	173.1	+0.6	-
Gartmore Mngd Ser 0	195.9	206.3	+1.1	-
Gartmore Euro Ser 0	140.7	148.2	....	-
Gartmore Global Ser 0	94.1	94.1	-0.0	-
Gartmore NA Ser 0	101.6	101.6	+1.3	-
Gartmore Pacific Ser 0	123.0	123.0	+1.1	-
Henderson Acc Ser 0	133.7	133.1	+0.4	-
Perpetual Mng Ser 0	131.4	131.4	-0.4	-
Framlington Mn Ser 0	132.7	132.7	+0.5	-
Gartmore Mngd Ser 0	162.7	162.7	+0.9	-
Gartmore Euro Ser 0	108.7	108.7	....	-
Baring Funds				
Australia	61.3	64.5	-0.9	-
Eastern	230.5	221.6	+1.4	-
European Smlr Cos	139.2	146.5	+0.5	-
Japan Sunrise	116.7	122.8	-0.9	-
Managed	128.4	135.2	+1.3	-
MIM Britannia				
European Smaller	120.7	127.1	-2.1	-
US Smlr Co's	99.0	104.2	+1.6	-
Extra Inc	139.0	146.3	+0.3	-
Sth & East Asia Gwth	166.1	174.8	+1.3	-
Gold	28.0	29.5	+0.1	-
Inc Growth	257.3	270.8	+1.2	-
Japan Perf	220.9	232.5	-1.4	-
Japan Smlr Cos	180.4	189.9	-0.6	-
Nat High	277.7	233.4	+1.4	-
Prop Shares	132.9	139.9	+0.4	-
Smaller Cos	175.4	184.6	+1.7	-
Man Growth	189.4	199.4	+0.6	-
Gilt	69.7	73.4	....	-
Gartmore Funds				
American	147.8	155.6	+1.2	-
British	246.6	259.3	+1.3	-
European	170.0	178.9	+0.4	-
Extra Inc	188.0	197.9	-0.5	-
Frontier Markets	111.1	116.9	-0.3	-
Intl Fixed Interest	85.7	90.2	-0.4	-
Gold Intl Resources	47.8	50.3	+0.1	-
High Inc	245.3	258.2	+1.3	-
Hong Kong	140.8	148.2	+0.6	-
Income	329.1	346.4	+2.9	-
Japan	298.0	313.7	-2.0	-
UK Smlr Cos	233.7	245.4	+5.5	-
Man Gth.	310.2	326.5	+1.2	-
Gartmore Funds (formerly Oppenheimer)				
Global Inc & Gwth	111.3	117.2	+0.4	-
Worldwide Recovery	91.5	96.3	+0.9	-
European Select Opps	131.5	138.4	+0.2	-
Pacific Growth	145.2	152.8	+0.7	-
Intl Managed	78.4	82.5	+0.3	-
Perpetual Funds				
International Growth	105.6	111.2	+0.5	-
Income	112.7	118.6	+1.1	-
American Growth	109.8	115.6	+1.5	-
Intl Emerging Cos	109.7	115.5	-1.3	-
Far East Growth	139.4	146.7	+1.7	-
European	129.1	135.9	+0.7	-
Managed	119.6	125.9	+1.2	-
TSB Funds				
Income	117.9	124.1	+1.0	-
Managed	133.8	140.8	+0.6	-
Broker Managed				
Birchwood	140.0	147.4	....	-
Stoneleigh Inv Man Bd	131.9	138.0	....	-
Western Counties Mngr	122.6	124.1	....	-
Richards, Longstaff	119.1	125.4	....	-
Heritage Mngd Bond	163.3	171.9	....	-
G & T Smaller Cos Fd	58.3	61.4	....	-
Charles Stanley	133.2	350.7	....	-
Ethical Inv.	122.6	129.1	....	-
Investors Income Bd.	86.1	90.6	....	-

Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS 051-239

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd.	649.3	687.0	....	-
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	264.7	277.9	+0.7	-
Equity Fund	372.9	392.5	+1.1	-
Property Fund	223.4	235.1	....	-
International Fund	310.8	327.1	+0.6	-
Gilt Fund	250.9	263.5	-0.7	-
Money Fund	183.2	192.8	....	-
United States Fund	132.2	139.1	+1.0	-
Pacific Basin	184.3	194.0	-0.3	-
Royal Life (Unit Lnkd. Pension Fds) Ltd				
Exempt Man Fd Acc.	305.4	321.4	+0.9	-
Exempt Equity Fd Acc.	578.1	608.5	+2.0	-
Exempt Prop Fd Acc.	231.3	243.4	....	-
Exempt Intl Fd Acc.	495.9	479.8	+1.6	-
Exempt Gilt Fd Acc.	277.4	291.9	-0.1	-
Exempt Money Fd Acc.	234.5	246.8	....	-

Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1H7 051 236

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	59.8	62.9	....	-
Global Equity	39.6	47.7	....	-
High Yield	52.1	54.8	....	-
Intl Equity	52.6	55.4	....	-
Fixed Interest	54.7	57.6	....	-
Money	63.6	66.9	....	-
Managed	57.3	60.3	....	-
Pensions				
UK Equity	61.2	64.4	....	-
Global Equity	34.9	36.7	....	-
High Yield	51.3	54.0	....	-
Intl Equity	52.2	54.9	....	-
Fixed Interest	61.8	65.0	....	-
Money	73.6	77.5	....	-
Managed	59.7	62.0	....	-

Save & Prosper Group (z)
16-22 Western Rd, Romford RM1 3LB 0708-766966

	Bid Price	Offer Price	+ or -	Yield Gross
Bal Inv Fd.	540.1	571.6	+1.4	-
Deposit Fd†.	301.6	319.2	....	-
Directors' Portfolio	55.9	59.2	....	-
Gilt Fd.	357.3	378.2	-1.2	-
Global Equity Fd.	164.0	173.6	+1.1	-
Property Fd*	79.7	84.4	....	-
Equity Pens Fd	153.2	162.2	+1.1	-
Gilt Pens Fd	96.1	107.7	-0.4	-
High Int Pens Fd†	102.4	108.4	....	-
Global Eq Pens Fd	134.7	142.6	+1.2	-
Man Pens Fd	132.2	139.9	+0.7	-
Prop Pens Fd*	94.0	99.5	....	-
A.G. Bond Fd.	118.7	125.7	+0.3	-
Fleming Inv Fd	73.6	77.9	+0.7	-
Fleming Pens Fd.	80.5	85.2	+0.8	-

†Weekly dealings. *Fortnightly dealings

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Equity	433.6	456.5	+1.1	-
Fixed Interest	251.3	264.6	-0.2	-

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2,927	2,957	.....	-
New Generation Fd $	$23 07	23 31	.....	-
Japan Index Alpha	Y9,007	9,144	.....	-
Jap Sector Rotation	Y7,438	7,548	-	-
Jap Cap Gwth CB	[illegible]	[illegible]	-	-
Sarasin Funds Mngmt (Guernsey) Ltd				
GlobalSar-Fergus £	£12 46	13.31	...	-
GlobalSar-Fergus US$	$25.90	25.55	...	-
GlobalSar-Fergus SFr	SFr31.40	33.54	...	-
Sauli International (Guernsey) Ltd				
Intl Bond	$10.47	10.89		-
Intl Dollar	$10.40	10 41		-
Intl Equity	$11.66	12 07	---	-
Falcon High Income	$91.96	92.14		-
Schroder Investment Mngmt (Guernsey) Ltd				
Latin American	$12.2010	12.9092	...	
Stonehage Fund Mngrs Ltd				
Intl Man Fd	$11.53	11.59	.	-
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$752.64		...	-
Fixed Income Shares	$873.13		...	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mega Growth	$11.01		+0.08	-
Yamaichi ISS Fund	$7 90		-0.08	-
Yamaichi GB Plus Fund	$8 71		-0.09	-
Thai Inv Fund	$10.83		-	-

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (u)						
29 Kildare Street, Dublin 010 353 1760 630						
GAM Universal US $ Acc		$-	112.26		...	-
GAM Universal US $ Inc		$-	112.26			-
GAM Universal DM Acc		DM-	111 09			-
GAM Universal DM Inc		DM-	111 04		...	-
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	1.00	1.07	...	-

IRELAND (REGULATED)(**)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey 0534 76029						
Stlg Fixed Int	5½	£1.113	1.117	1.186	[illegible]	10 08
Offshore High Yield	3½	£1.437	1.437	1.496	[illegible]	14 56
Global Equity Fund	5½	$14.37	14 46	15 46	+0 05	1 04
European Equity	5½	[illegible]	17 42	18.63	-0 17	1 08
UK Growth Fund	5½	£4 644	4 710	5.037	[illegible]	3 04
Nth American Eqty	5½	$9 820	9.820	10.479	[illegible]	0 26
Far Eastern Eqty	5½	$9 560	9 714	10 389	[illegible]	0 13
International Mngd	5½	$9 736	9.736	10 413	[illegible]	1 05
Intnl. Bond Fund						
Sterling Managed	5½	£10 30	10 30	10 46	....	8.99
US Dollar Managed	5½	$13.37	13 57	14 22	+0 03	5 39
International Currency Fund						
Sterling Managed $	5½	£25 29	25.29	26 76	+0 03	-
US Dollar Managed	5½	$29 22	29 22	30.92	+0 02	-
Sterling 4 $	0	£24 32	24 32	24 32	+0 02	13 08
US Dollar 4 $	0	$57.53	57 53	57.53	+0 02	5 44
Deutschmark 4 $	0	[illegible]	58 99	58 99	+0 01	7 73
Japanese Yen 4 $	0	Y4,784	4,784	4.784	+2	6.33
Swiss Franc 4 $	0	[illegible]	46.01	46 01	+0 02	6.75
Irish Punt 4 $	0	I£21 81	21.81	21 81	-0.01	6 04
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (z)	5¼	[illegible]				[illegible]
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	[illegible]	9 490	[illegible]	[illegible]	11.50
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 37788						
Intl Circuit Portfolio	6	97 10	97.10	102 97	+0 01	0 00
Gilt	3	93.15	93 15	46 06	-0 01	10 41
For MIM see INVESCO MIM						
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	55 18	55 18	57 99	10	11.29
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	103 40	103 40	106 58	+0 10	12.79
Gilt & Fixed Interest	3	104 38	104 38	107.76	+0 02	11 63
Mar Cap & Gilt Eqpd	5	49 09	49 09	52 22	+0 16	5 55
International Bond	5	104 61	104 61	109 88	-0 51	7 52
UK Equity	5	93 85	93.85	101.47	+0 61	1 62
International Equity	5	98 02	98 02	104 48	+0 30	0.45
Far Eastern	5	81 56	81.56	87 34	+0 27	0.00
European	5	83 33	83.33	[illegible]	[illegible]	[illegible]

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
MINT LIMITED-Ord.	$43 34		.....	-
MINT LIMITED-Inc.	$14.75xd		.....	-
MINT GTD LTD Ser A	$24 49		.....	-
MINT GTD LTD-Spec. Iss.	$21.41		.....	-
MINT GTD LTD-Nov 1993	$20.67		--	-
MINT GTD LTD-Jan 1994	$16 72		.....	-
MINT GTD LTD-Dec 1994	$14 75		...	-
MINT GTD LTD-Aug 1995	$12.08		...	-
MINT GTD Pacific LTD (A)	$11089 03		.....	-
MINT GTD Pacific LTD (B)	$10969.92		...	-
MINT Global Gtd Ltd	$107.31		...	-
FBME MINT GTD PLC	$123.36		..	-
MINT Sp Res Ltd (BNP)	$115 67		...	-
MGA Pacific Ltd	A$1 10		...	-
Athena Gtd Futures Ltd	$10.09		...	-
Athena Gtd Futures	$9.63		...	-
AHL/ABN	$115.50		...	-
Meridian Funds				
Money Market	$1.05		.....	6.10
US Govt Income	$9.99		.....	-
Global Govt Income	$11.12		..	-
Global Equity	$12 00		.....	-
Multi-Currency	$11.20		...	-
Merrill Lynch Guernsey				
India Fd NAV Feb 27	£2.26		.....	-
Indian Cap Instl Ser Feb 22	$9 45		.....	-
Indian Cap DII NAV	$-		.....	-
Euro Spain NAV Feb 27	$10 21		.....	-
(For information only)				
Morgan Stanley Japanese Warrant Fund NV				
NAV	$12.7810		.....	-
NM Financial Mngt Intl Ltd				
Int Residentl Prop Fd	£0.9250	1 03	..	4.00
The New Zealand Fund				
Manager Leadenhall Offshore Ltd				
The NZ Fund	$5.65	6.05	-0.09	-
Newport International Management				
Npt. Intl. Securities	$39.12		+0.36	-
Npt. Intl. Inc. Fd	$21.75		-0 16	-
Npt. Pacific	$27.15		+0.31	-
Nomura Warrant Fund 1990 Ltd				
NAV	$4.42		...	-

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Fd BOPUPs	£11 04	11.05	...	-
Sterling Fd OPUPs	£5 66	5 71		-
DM Fd BOPUPs	DM10 11	10.12	....	-
DM Fd OPUPs	DM5 34	5.39		-
Yen Fd BOPUPs	$9 21	9 22		-
Yen Fd OPUPs	$5.90	5.95	...	-
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst	$12.44	13.13	+0.08	0 91
Japanese Warrants	$8 27	8.76	+0.37	-
Asian Warrants	$9 25	9 78	+0 06	-
European Warrants	$5.75	6.13	+0 07	-
Managed	HK$9.87	10.52	-0.01	-
Wellington Fd Mngrs (Guernsey) Ltd				
Intnl Growth Fd	$13.37	14 03	..	-
Wells Fargo U.S. IT Fund				
NAV Feb 28	$10.42		...	-
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0309		.....	-
Xiphias Int ECU	Ecu0.9716		...	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. k Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). o Offered price includes all expenses except agent's commission. z Previous day's price. ◎ Guernsey gross. # Suspended. φ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. e Yield column shows annualised rates of NAV increase. xd ex dividend

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling mixed

THE DOLLAR showed small mixed changes in subdued European trading. There were no fresh factors as the market looked towards this Friday's February US employment data for guidance. January's figures were alarming enough to prompt at cut of ½ point in the Federal Reserve's discount rate on February 1.

The February unemployment rate is likely to rise to 6.3 from 6.2 per cent, according to analysts, but non-farm payrolls are not expected to be as weak as January's fall of 232,00.

Mr Mark Cliffe, at Nomura Researcb Institute, believes that the fall of 155,000 in conatruction employment - the biggest component in January's decline - was suspiciously large and is liable to revision.

He estimates February'a fall in non-farm payrolls at around 25,000, but this is on the low side of most forecasts, witb other economists looking for a fall of up to 100,000.

Unless the employment news is very disappointing a further easing of the Fed's monetary stance is regarded as unlikely in the immediate future, with the US authorities waiting to see whether a speedy conclusion to the Gulf war pulls the economy out of recession.

At the London close the dollar had eased to DM1.5365 from DM1.5370 and to FFr5.2300 from FFr5.2350, but had improved to Y135.50 from Y134.50 and to SFr1.3380 from SFr1.3315. On Bank of England figures its index rose to 62.1 from 61.9.

Sterling also recorded mixed changes, but lost a little ground to most members of the European Monetary System.

An underlying rise of $431m in February UK official reserves, against a rise of $46m in January, was higher than market expectations. It was mainly the result of contribntions from other countries towards Britain's Gulf war costs however and there was no impact on the pound.

Sterling fell 10 points to $1.8970. It also declined to DM2.9150 from DM2.9175 and to FFr9.9225 from FFr9.9350, but rose to SFr2.5375 from SFr2.5275 and to Y257.00 from Y255.25. The pound's index was unchanged throughout at 93.7.

Within the EMS exchange rate mechanism sterling was the second weakest currency, slightly stronger than the lowest placed French franc. The Frencb currency touched its floor against the Spanish peseta after the Bank of Spain declined an opportunity to cut its main instrument of credit policy yesterday. At a repurchase tender, adding liquidity to the Madrid money market, the Bank of Spain left its intervention rate at 14.50 per cent.

In Paris the Bank of France had little optioo but to leave its money market intervention rate at 9.25 per cent at a securities repurchase tender, or risk pushing the franc below its ERM limit against the peseta.

After a slight easing of the Balgian franc the Belgian National Bank left its intervention rate at 9.25 per cent wben injecting liquidity at a Brussels securities repurchase tender.

£ IN NEW YORK

Mar.4	Latest	Previous Close
£ Spot	1.8985-1.8995	1.8950-1.8960
1 month	1.05-1.04pm	1.01-0.99pm
3 months	2.67-2.64pm	2.68-2.65pm
12 months	7.70-7.60pm	7.73-7.63pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.4	Previous
8.30 am	93.7	93.8
9.00 am	93.7	93.8
10.00 am	93.7	93.7
11.00 am	93.7	93.7
Noon	93.7	93.7
1.00 pm	93.7	93.8
2.00 pm	93.7	93.7
3.00 pm	93.7	93.7
4.00 pm	93.7	93.7

CURRENCY MOVEMENTS

Mar 4	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.7	-18.6
U.S Dollar	62.1	-17.0
Canadian Dollar	102.6	+0.9
Austrian Schilling	110.2	+12.3
Belgian Franc	112.4	-1.5
Danish Krone	110.5	+4.8
D-Mark	120.1	+25.8
Swiss Franc	112.1	+20.7
Dutch Guilder	115.4	+16.7
French Franc	104.2	-12.5
Lira	100.5	-18.9
Yen	130.9	+65.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Mar.1.

CURRENCY RATES

Mar 4	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.742796	0.702937
U.S Dollar	6.00	1.41057	1.33333
Canadian $	9.97	1.62639	1.54026
Austrian Sch	7	15.2497	14.4240
Belgian Franc	10.50	44.6340	42.2233
Danish Krone	9½	8.32236	7.87799
D-Mark	6.50	2.16734	2.05040
Dutch Guilder	7.75	2.44297	2.31106
French Franc	10¼	7.38857	6.98332
Italian Lira	12½	1620.96	1532.00
Japanese Yen	6	187.987	180.333
Norway Krone	8	8.47047	8.03665
Spanish Peseta	-	135.021	127.698
Swedish Krona	11	8.03743	7.61065
Swiss Franc	6.00	1.87916	1.77866
Greek Drach	19	N/A	220.893
Irish Punt	-	N/A	0.768934

† European Commission Calculations.
* All SDR rates are for Mar.1

OTHER CURRENCIES

Mar 4	£	$
Argentina	18582.7 - 18684.4	9800.00 - 9850.00
Australia	2.4400 - 2.4420	1.2870 - 1.2880
Brazil	428.560 - 429.050	225.950 - 226.150
Finland	7.0255 - 7.0390	3.7100 - 3.7130
Greece	311.75 - 316.35	163.70 - 166.35
Hong Kong	14.7560 - 14.7700	7.7900 - 7.7920
Iran	124.20	63.10
Korea(Sth)	1362.10 - 1384.05	721.40 - 727.00
Kuwait	N/A	N/A
Luxembourg	59.90 - 60.00	31.55 - 31.65
Malaysia	5.1615 - 5.1700	2.7235 - 2.7255
Mexico	5638.90 - 5642.30	2973.00 - 2974.00
N.Zealand	3.1655 - 3.1705	1.6700 - 1.6730
Saudi Ar.	7.0780 - 7.1195	3.7490 - 3.7510
Singapore	3.2820 - 3.2895	1.7330 - 1.7350
S.Af (Cm)	4.9125 - 4.9250	2.5925 - 2.5940
S.Af (Fn)	5.9840 - 6.0805	3.1595 - 3.2105
Taiwan	51.30 - 51.40	27.10 - 27.15
U.A.E.	6.9325 - 6.9735	3.6720 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 4	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.698	-4.44	5.99	77
Belgian Franc	42.4032	42.2233	-0.42	1.71	28
Italian Lira	1538.24	1532.00	-0.41	1.69	28
D-Mark	2.05586	2.05040	-0.27	1.55	21
Dutch Guilder	2.31643	2.31106	-0.25	1.51	19
Irish Punt	0.767417	0.768934	0.20	1.08	-2
Danish Krone	7.84195	7.87799	0.46	0.82	-14
Sterling	0.696904	0.702937	0.87	0.41	-17
French Franc	6.89509	6.98332	1.28	0.00	-62

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Mar 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8905 - 1.9005	1.8965 - 1.8975	1.05-1.03cpm	6.58	2.68-2.65pm	5.62
Canada	2.1865 - 2.1945	2.1925 - 2.1935	0.65-0.56cpm	3.31	1.54-1.40pm	2.68
Netherlands	3.2770 - 3.2905	3.2800 - 3.2900	1¼-1⅛cpm	4.34	3-2¾pm	3.50
Belgium	59.80 - 60.20	59.90 - 60.00	22-19cpm	4.10	53-46pm	3.30
Denmark	11.1700 - 11.2210	11.1825 - 11.1925	3¼-2⅞orepm	3.28	7⅛-6¼pm	2.39
Ireland	1.0885 - 1.0990	1.0920 - 1.0930	0.26-0.18ppm	2.42	0.60-0.41pm	1.85
Germany	2.9115 - 2.9200	2.9125 - 2.9175	1⅛-1pfpm	4.37	2⅝-2⅜pm	3.43
Portugal	253.15 - 255.65	253.90 - 254.90	8-11cdis	-0.45	88-137dis	-1.77
Spain	180.80 - 182.15	181.20 - 181.50	20-29cdis	-1.62	59-70dis	-1.42
Italy	2170.50 - 2183.95	2177.25 - 2178.25	1lirepm-par	0.28	1pm-par	0.09
Norway	11.3615 - 11.4180	11.3725 - 11.3825	2⅜-1⅞orepm	2.24	5¼-4⅜pm	1.74
France	9.9035 - 9.9485	9.9175 - 9.9275	3⅝-3¼cpm	4.01	8-7⅛pm	3.17
Sweden	10.8005 - 10.8395	10.8075 - 10.8175	1-¼orepm	0.97	1⅛-⅜pm	0.42
Japan	256.20 - 257.50	256.50 - 257.50	1⅛-1ypm	4.96	2-1⅞pm	3.02
Austria	20.45 - 20.54	20.46 - 20.49	7¾-6⅝gropm	4.21	18½-16¼pm	3.39
Switzerland	2.5290 - 2.5425	2.5325 - 2.5425	1⅛-1cpm	5.02	2¾-2½pm	4.14
Ecu	1.4170 - 1.4190	1.4175 - 1.4185	0.47-0.43cpm	3.81	1.11-1.04pm	3.03

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.70-4.65cpm. 12 Month 7.70-7.60pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8905 - 1.9005	1.8965 - 1.8975	1.05-1.03cpm	6.58	2.68-2.65pm	5.62
Ireland†	1.7290 - 1.7395	1.7375 - 1.7385	0.61-0.56cpm	4.04	1.74-1.64pm	3.89
Canada	1.1525 - 1.1570	1.1550 - 1.1560	0.30-0.33cdis	-3.27	0.83-0.88dis	-2.96
Netherlands	1.7275 - 1.7390	1.7315 - 1.7325	0.32-0.34cdis	-2.29	0.91-0.95dis	-2.15
Belgium	31.55 - 31.80	31.55 - 31.65	6.00-8.00cdis	-2.66	17.00-21.00dis	-2.41
Denmark	5.8950 - 5.9900	5.8950 - 5.9000	1.48-1.78oredis	-3.32	4.55-5.15dis	-3.29
Germany	1.5310 - 1.5440	1.5360 - 1.5370	0.29-0.31pfdis	-2.34	0.86-0.89dis	-2.28
Portugal	134.10 - 134.55	134.15 - 134.25	75-85cdis	-7.15	240-265dis	-7.53
Spain	95.45 - 96.20	95.55 - 95.65	63-67cdis	-8.16	168-175dis	-7.18
Italy	1144.00 - 1153.70	1147.75 - 1148.25	5.80-6.30liredis	-6.32	15.80-16.80dis	-5.68
Norway	5.9950 - 6.0325	5.9950 - 6.0000	2.00-2.35oredis	-4.35	5.70-6.20dis	-3.97
France	5.2170 - 5.2570	5.2275 - 5.2325	1.10-1.15cdis	-2.58	3.28-3.38dis	-2.55
Sweden	5.6950 - 5.7250	5.6975 - 5.7025	2.57-2.82oredis	-5.67	7.35-7.80dis	-5.32
Japan	134.85 - 135.80	135.45 - 135.55	0.18-0.20ydis	-1.68	0.40-0.44dis	-1.24
Austria	10.8050 - 10.8510	10.8200 - 10.8250	1.95-2.35grodis	-2.38	5.60-6.70dis	-2.27
Switzerland	1.3315 - 1.3390	1.3375 - 1.3385	0.15-0.18cdis	-1.48	0.42-0.47dis	-1.33
Ecu	1.3310 - 1.3395	1.3380 - 1.3390	0.33-0.30cpm	2.82	0.90-0.84pm	2.60

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Mar 4	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: [illegible]

EXCHANGE CROSS RATES

Mar.4	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	[illegible]	0.456	0.865	1.329	117.2	4.525	1.157	1.498	993.2	1	27.34
B Fr.	[illegible]	1.668	3.164	4.862	428.7	16.55	4.234	5.450	3633	3.658	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000. Belgian Fr per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100% — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100% — [illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100% — [illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100% — [illegible]

LIFFE EURODOLLAR OPTIONS $1m points of 100% — [illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100% — [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]

US TREASURY BONDS 8% $100,000 32nds of 100% — [illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100% — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100% — [illegible]

THREE MONTH STERLING £500,000 points of 100% — [illegible]

THREE MONTH EURODOLLAR $1m points of 100% — [illegible]

THREE MONTH EUROMARK DM 1m points of 100% — [illegible]

THREE MONTH ECU ECU 1m points of 100% — [illegible]

FT-SE 100 INDEX £25 per full index point — [illegible]

EURO SWISS FRANC SFr 1m points of 100% — [illegible]

FT FOREIGN EXCHANGE RATES — [illegible]

IMM-STERLING $$ per £

	Latest	High	Low	Prev.
Mar	1.8920	1.8958	1.8912	1.8906
Jun	1.8662	1.8712	1.8654	1.8656
Sep	1.8470	1.8500	1.8470	1.8462

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — [illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100 — [illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM — [illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr — [illegible]

STANDARD & POORS 500 INDEX $500 times index — [illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1) — [illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES — [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF) — [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
March	90.48	90.44	-0.02	90.50	90.42	9.56	14,564
June	90.75	90.70	-0.03	90.77	90.68	9.30	18,161
September	90.91	90.86	-0.03	90.91	90.86	9.14	4,006
December	90.99	90.96	-0.03	90.99	90.94	9.04	2,644

Estimated volume 10,212 Total Open Interest 39,375

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
March	1754.0	N/A	-	1784.0	1757.0	7,641
April	1769.0	N/A	-	1776.0	1776.0	4
May	1781.0	N/A	-	1788.0	1788.0	0
June	-	-	-	-	-	200

Estimated volume 4,471 Total Open Interest 7,845

BASE LENDING RATES

	%		%		%
ABN Bank	13	Co-operative Bank	13	Nat Bk. of Kuwait	13½
Adam & Company	13	Coutts & Co	13	NatWestminster	13
Allied Trust Bank	13	Cyprus Popular Bk	13	Northern Bank Ltd	13
AIB Bank	13	Dunbar Bank PLC	13	Nykredit Mortgage Bank	13½
● Henry Ansbacher	13	Duncan Lawrie	13	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	13	Roxburghe Bank Ltd.	14½
B & C Merchant Bank	13	Exeter Bank Limited	13½	Royal Bk of Scotland	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc	16	Standard Chartered	13
Bank Credit & Comm	13	● Robert Fleming & Co.	13	TSB	13
Bank of Cyprus	13	Robert Fraser & Ptnrs.	13½	Unibank plc	13
Bank of Ireland	13	Girobank	13	● United Bk of Kuwait	13
Bank of India	13	● Guinness Mahon	13	United Mizrahi Bank	13½
Bank of Scotland	13	● Hambros Bank	13	Unity Trust Bank Plc	13
Banque Belge Ltd	13	Hampshire Trust Plc	14½	Western Trust	13
Barclays Bank	13	Heritable & Gen Inv Bnk	13	Westpac Bank Corp.	13
Benchmark Bank	13	● Hill Samuel	13	Whiteaway Laidlaw	13
Brit Bk of Mid East	13	C. Hoare & Co.	13	Yorkshire Bank	13
● Brown Shipley	13	Hongkong & Shanghai	13		
CL Bank Nederland	13	● Leopold Joseph & Sons	13		
● Charterhouse Bank	13	Lloyds Bank	13		
Citibank NA	13	Meghraj Bank Ltd	13		
City Merchants Bank	13	McDonnell Douglas Bnk	13		
Clydesdale Bank	13	Midland Bank	13		
Comm. Bk of London Plc	13	Mount Banking	13		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Europe holds steady

THE BANK of Spain, Belgian National Bank and Bank of France declined opportunities to change official interest rates yesterday.

The strength of the Spanish peseta and Belgian franc within the European Monetary System had led to speculation that yesterday's money market tenders in Madrid and Brussels might result in an easing of Spanish and Belgian credit policy, but after there was no move by Spain this left little opportunity for the Bank of France to lower its own rates.

UK clearing bank base lending rate 13 per cent from February 27, 1991

The French franc, which is the weakest member of the EMS exchange rste mechanism, hit its floor against the peseta yesterday.

In London wbolesale rates were steady, with three-month interbank unchanged st 12¾-12⅝ per cent while 12-month money eased to 11¾-11⅝ per cent from 11 13/16-11 11/16 per cent.

Short sterling contracts traded quietly on Liffe. March delivery opened firmer st 87.69, but weakened to close at 87.59 compared with 87.67 previously.

Credit remained in short supply on the London money market, and tbe Bank of England kept tbe sbort end tigbt by not appearing to supply enough assistance to take out the full underlying shortage. This was initially forecast at £1,000m, bnt was revised to £1,050m in the afternoon and finally to £1,100m. Total assistance of £867m was provided.

An early round of help was offered and at that time the authorities bought £100m bank bills outright in band 2 at 12¾ per cent. Before lunch another £552m bills were purchased, by way of £26m bank bills in band 1 at 12⅞ per cent and £526m bank bills in band 2 at 12¾ per cent.

In the afternoon £200m bank bills were bought in band 2 at 12¾ per cent and late assistance of £15m was also provided.

Bills maturing in official bands, repayment of late assistance and a take-up of Treasury bills drained £1,229m, with the unwinding of repurchase agreements on bills sbsorbing £527m and bank balances below target £75m. These ontweighed exchequer transactions adding £275m to liquidity and a fall in the note circulation of £575m.

In Frankfurt call money was little changed at 8.95 per cent, in tight conditions as the money market waited for today's expected injection of liquidity by the Bundesbank.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.4) 3 months US dollars		6 months US Dollars	
bid 6 11/16	offer 6 13/16	bid 6 13/16	offer 6 15/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	9	One month	6.19	Three year	7.38
Broker loan rate	8½	Two month	6.23	Four year	7.58
Fed funds	6 3/16	Three month	6.26	Five year	7.74
Fed funds at intervention	-	Six month	6.38	Seven year	7.98
		One year	6.48	10-year	8.11
		Two year	7.16	30-year	8.27

Mar 4	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.80-8.90	8.85-9.00	8.85-9.00	8.90-9.05	8.90-9.05	9.00
Paris	9 3/16-9 5/16	9⅛-9¼	9¼-9⅜	9⅛-9¼	9⅜-9½	9.25
Zurich	7⅛-7⅜	8⅞-8⅛	-	8-8⅛	-	-
Amsterdam	9.05-9.20	8.97-9.07	-	9.00-9.10	-	-
Tokyo	8⅛-8¼	8⅛-8⅜	-	-	-	-
Milan	12½-13¼	13⅛-13¼	-	13-13⅛	-	-
Brussels	9.19-9.31	9¼-9⅜	-	9¼-9⅜	-	-
Dublin	11-13¼	11-11½	11-11⅛	13-11¼	10¾-13	-

LONDON MONEY RATES

Mar 4	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14½	13⅞	13¼	12⅞	12¼	11 13/16
Interbank Bid	11	13⅝	13⅛	12¾	12⅛	11 11/16
Sterling CDs	-	-	13⅛	12 13/16	12 3/16	11¾
Local Authority Deps.	13⅞	13⅛	13⅛	12 11/16	12⅛	11 11/16
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	13½	13	12¾	12¾	-	-
Company Deposits	-	-	13⅜	12⅞	12⅜	11¾
Finance House Deposits	-	-	13¼	12¾	12⅜	11 11/16
Treasury Bills (Buy)	-	-	12½	11 13/16	11⅜	-
Bank Bills (Buy)	-	-	12 13/16	11 15/16	11⅜	-
Fine Trade Bills (Buy)	-	-	13⅛	12 3/16	11 11/16	-
Dollar CDs	-	-	6.47	6.65	6.85	7.15
SDR Linked Dep. Offer	-	-	8¼	8⅜	8¼	8¼
SDR Linked Dep. Bid	-	-	8⅛	8¼	8⅛	8⅛
ECU Linked Dep. Offer	-	-	9⅜	9⅜	9⅜	9⅜
ECU Linked Dep. Bid	-	-	9¼	9¼	9¼	9¼

Treasury Bills (sell); one-month 12½ per cent; three months 11⅞ per cent; six months 11 5/16 per cent; Bank Bills (sell): one-month 12⅞ per cent; three months 11⅞ per cent; Treasury Bills: Average tender rate of discount 11.8831 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1991. Agreed rates for period Mar 26, 1991 to April 22, 1991. Scheme I: 14.21 p.c., Schemes II & III: 14.63 p.c. Reference rate for period Feb 1, 1991 to Feb.28, 1991. Scheme IV&V: 13.357 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from March 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

LEGAL NOTICE

CAVENDISH SHOPS LIMITED
(Registration No. 1942201)

Notice is hereby given pursuant to Section 175 of the Companies Act 1985 ("the Act") that Cavendish Shops Limited ("the Company") has, by Special Resolution passed on 27th February, 1991, pursuant to Section 173 of the Act, approved a payment out of capital for the purpose of acquiring its own shares by purchase. The amount of the permissible capital payment for the shares in question is £1,079,219. The statutory declaration of the directors of the Company and the auditors' report required by Section 173 of the Act are available for inspection at the registered office of the Company at No. 1 Riding House Street, London W1A 3AS. Any creditor of the Company may at any time prior to 4th April, 1991 apply to the Court under Section 176 of the Act for an order prohibiting the payment.

By Order of the Board,
Smith & Williamson,
Secretaries

Dated 5th March 1991

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

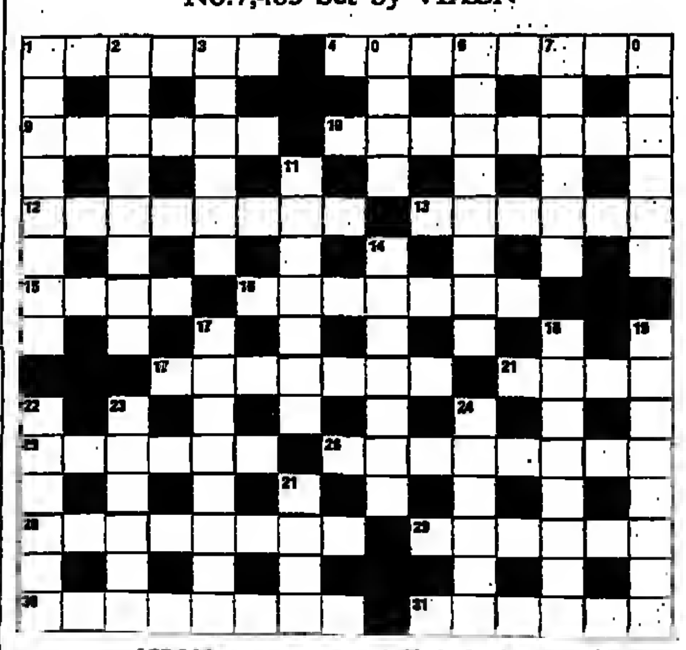
[illegible]

NOTES—Gross rate is those annual rates of interest[illegible]

JOTTER PAD

CROSSWORD

No.7,485 Set by VIXEN



ACROSS

1 Sound assistance for the greenhorn (6)
4 Produced original work that's collected (8)
8 The specialist is no longer bold (6)
10 Paying for lighting (8)
12 The dogs being playful, one trips (8)
13 Strike out as allowed in the river (6)
15 Party where orchestra leader's in the groove (4)
18 Once more go over touching evidence (7)
20 Fevour trees to effect a transformation (7)
21 Only requiring a couple of notes (4)
25 He could well make a good bowler (6)
26 Money-spinning hobby? (8)
28 Bad spirit permissible, it's to be assumed (8)
29 A flier, a Greek character, gone berserk (6)
30 Old-style dress not all will be trying (8)
31 Found the French male in a strong position (6)

DOWN

1 They give their support to British lines (8)
2 When an officer's short, debts incurred can be critical (8)
3 Such mistakes are holding Jack up (6)
5 Left in charge (4)
6 She's fortitude personified (8)
7 Shake just a bit (6)
8 Accommodation for a pet, badly bodged (3-3)
11 More gullible, but at the same time more colourful (7)
14 Zero evaluation, in a manner of speaking (7)
17 Esoteric manufacturing groups (8)
18 Housing for people of mature years in principle (8)
19 Jndgment given in a few words (8)
22 The saving of a plant (8)
23 Lays up gold, causing amazement (6)
24 The queen's place in Canada (6)
27 Steady business organisation (4)

Solution to Puzzle No.7,484

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

FRANCE (continued)
[illegible]

GERMANY
[illegible]

GERMANY (continued)
[illegible]

ITALY
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWEDEN (continued)
[illegible]

SWITZERLAND
[illegible]

SOUTH AFRICA
[illegible]

JAPAN
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (continued)
[illegible]

HONG KONG
[illegible]

MALAYSIA
[illegible]

SINGAPORE
[illegible]

Price data supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
3.00 pm prices March 4

Quotations in cents unless marked $

[illegible]

MONTREAL
3.00 pm prices March 4

[illegible]

2400	Quebecor A	$16	16	16	+⅛
2700	Videotron	u$14⅞	14⅞	14⅞	+⅛

Total Sales 11,446,300 shares

INDICES

NEW YORK DOW JONES

	Mar. 1	Feb. 28	Feb. 27	Feb. 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2909.90	2882.18	2889.11	2864.60	2934.65 (15/2)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.82	93.79	93.89	93.83	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1150.74	1131.17	1131.17	1108.78	1150.74 (1/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.34	212.78	213.47	213.09	217.62 (11/2)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 2923.51 (2923.51) Low 2846.78 (2858.42)

STANDARD AND POOR'S

	Mar. 1	Feb. 28	Feb. 27	Feb. 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	370.46	367.07	367.74	362.81	370.46 (1/3)	311.49 (9/1)	369.06 (15/2/91)	4.40 (1/6/32)
Industrials	438.58	435.00	436.00	429.98	438.58 (1/3)	364.90 (9/1)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	28.63	27.94	27.80	27.36	28.80 (13/2)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	202.40	200.70	200.74	198.22	202.40 (1/3)	170.97 (9/1)	201.29 (15/2/91)	4.46 (25/4/42)
Amex Mkt. Value	348.14	346.13	342.97	341.46	348.14 (1/3)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	456.73	453.05	450.82	447.71	456.73 (1/3)	355.75 (14/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb.22	Feb.15	Feb. 8	year ago (approx.)
Dow Industrial Div. Yield	3.47	3.44	3.57	4.26

	Feb.27	Feb.20	Feb.13	year ago (approx.)
S & P Industrial div. yield	2.89	2.19	2.91	3.16
S & P Indl. P/E ratio	17.75	17.77	17.89	14.32

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Nabisco RJ	8,722,500	9⅞	+ ½
Ford Motor	4,181,600	33⅛	+ ⅛
Westinghouse	3,502,200	27⅛	+ ⅞
Sec. Pacific	3,328,700	32⅞	+ 4½
Philip Morris	2,817,900	66	...
LTV	2,731,200	2⅛	+ ⅛
Gen. Motors	2,441,900	39½	...
Bk.of Boston	2,186,300	8⅞	+ 1⅛
Savin Bus.	2,142,000	⅛	...
Pan Am	2,111,200	1⅛	+ ⅛

TRADING ACTIVITY

† Volume Millions	Mar. 1	Feb. 28	Feb. 27
New York	221.510	223.010	211.410
Amex	18.710	17.679	17.890
NASDAQ	160.529	171.463	161.923
Issues Traded	2,031	2,043	2,007
Rises	946	1,063	1,874
Falls	629	565	494
Unchanged	456	415	439
New Highs	72	96	69
New Lows	3	4	5

CANADA TORONTO

	Mar. 1	Feb. 28	Feb. 27	Feb. 26	1991 HIGH	1991 LOW
Metals & Minerals	3150.33	3114.02	3105.03	3064.05	3224.35 (18/2)	2632.06 (9/1)
Composite	3471.42	3462.37	3445.06	3421.38	3532.54 (18/2)	3161.95 (15/1)
MONTREAL Portfolio	1832.47	1825.80	1818.74	1805.79	1882.70 (18/2)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar. 4	Mar. 1	Feb. 28	Feb. 27	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1387.2	1395.2	1405.6	1390.4	1413.4 (26/2)	1204.5 (16/1)
All Mining (1/1/80)	604.6	607.8	605.5	598.4	612.0 (25/2)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	489.59	490.29	495.74	491.52	505.54 (25/2)	390.84 (15/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5621.11	5617.36	5613.78	5535.79	5621.11 (4/3)	4664.84 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	345.91	346.00	345.28	349.71 (25/2)	302.26 (8/1)
FINLAND						
HEX General ‖	1014.0	1013.3	1016.7	1005.8	1016.7 (28/2)	898.5 (23/1)
FRANCE						
CAC General (31/12/82)	468.01	466.12	465.56	455.65	468.01 (4/3)	394.88 (15/1)
CAC 40 (31/12/87)	1766.74	1746.79	1759.79	1731.02	1766.74 (4/3)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	651.92	648.67	662.95	659.44	678.31 (25/2)	570.48 (15/1)
Commerzbank (1/12/53)	1854.9	1845.1	1892.2	1878.6	1935.1 (25/2)	1612.5 (15/1)
DAX (30/12/87)	1530.86	1516.74	1542.09	1565.52	1601.35 (25/2)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3564.34	3552.37	3552.14	3512.79	3564.34 (4/3)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1386.20	1382.88	1390.48	1378.81	1390.48 (28/2)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	561.22	561.46	572.52	571.65	582.09 (25/2)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	25976.02	25881.57	26409.22	26694.25	26462.76 (25/2)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1925.80	1931.66	1960.32	1935.37	1963.44 (25/2)	1625.00 (17/1)
2nd Section (4/1/68)	3002.84	2991.81	2994.24	2965.25	3002.84 (4/3)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	567.83	559.31	562.40	561.13	567.83 (4/3)	470.41 (16/1)
NETHERLANDS						
CBS Tst.Ret.Gen.(End 1983)	250.5	249.0	249.6	246.7	250.5 (4/3)	221.4 (16/1)
CBS All Shr (End 1983)	183.2	182.1	182.5	180.4	183.2 (4/3)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	704.58	692.52	691.28	676.05	704.58 (4/3)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	933.50	962.56	983.03	966.69	1006.04 (25/2)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	398.89	395.43	396.56	389.31	398.89 (4/3)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1081.0§	1082.0	1067.0	1029.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3195.0§	3198.0	3218.0	3209.0	3258.0 (20/2)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	670.42	(c)	675.57	671.71	697.62 (4/1)	614.60 (16/1)
SPAIN						
Madrid SE (30/12/85)	263.03	261.63	264.13	264.08	267.41 (25/2)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1064.0	1062.2	1070.1	1061.1	1070.1 (28/2)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	705.4	694.6	700.2	702.2	705.4 (4/3)	590.4 (14/1)
SBC General (1/4/87)	589.0	582.2	586.7	589.6	592.3 (25/2)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4624.84	4956.33	5033.37	4869.82	5181.98 (21/2)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	787.57	790.46	(c)	769.13	823.65 (19/2)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (\$)	513.0*	514.8	520.6	516.7	524.2 (18/2)	439.1 (16/1)

**Saturday March 2: Taiwan Weighted Price: 4644.45. Korea Comp Ex. 677.55.
§ Subject to official recalculation. ‖ Unitas General discontinued. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday 4 March 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
S'tomo Mtl Ind	17.5m	530	+4	JGC	5.7m	1,130	+40
Kurabo Inds	12.9m	1,080	+70	Chiyoda	5.4m	2,030	+100
K'magai Gumi	7.4m	986	+18	M'sui Shpbldg	5.2m	655	-9
K'sai Elec Pl	7.4m	1,720	+20	M'bishi Heavy	5.2m	825	+5
Unitika	8.6m	572	+8	Mitsui Mining	5.1m	989	+39

3:00 pm prices March 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13¾	8¼	AAR Corp			8	675	13¾	13⅝	13¾	+⅛
25¾	21⅝	A L Labs A			19	124	23½	23	23⅛	
52¼	40⅞	AMP Inc	1.44	0.00	19	2080	52⅛	51	52	+1
62⅛	44¼	AMR				63275	u62⅝	61⅛	61¾	−⅛
2⅞	1¼	ARX			2	139	1⅝	1½	1⅝	+⅛
48⅛	41⅛	ASA	3.00	0.06	13	649	46	44⅞	46	+1
47⅛	39¼	Abbott Lab			20	5282	45½	45⅜	45½	+⅛
13	9⅞	Abitibi Pr	0.50	0.04	18	18	12½	12½	12½	+⅛
11⅛	10⅛	ACM Gvt In s				803	11	10⅞	11	
9⅞	8⅞	ACM GvOpp x				16	9¼	9⅛	9⅛	−⅛
9	8¼	ACM Gvt Sp s	0.34	0.04		152	8⅞	8¾	8⅞	
10¾	9⅞	ACM Gvt Sa				241	10⅛	10⅛	10½	+⅛
8⅛	7⅝	ACM Mgn 4				476	8	7⅞	7⅞	−⅛
12⅛	11⅞	ACM Managd x				074	12½	12¼	12¼	−⅛
7½	4¼	Acme Cleve	0.40	0.06	13	44	6⅞	6⅝	6⅞	+¼
8	4¾	Acme Elect			16	17	5	3	5	
37⅛	22¾	Acuson			27	601	37⅝	36⅛	36½	−⅞
17	14⅛	Adams Expr	0.48	0.03	0.	116	u17	16⅞	17	+⅛
20	16⅞	Adobe12P1				4	18½	19⅞	19⅛	
6¼	1½	Adobe Res			22	601	6¼	6⅛	6⅝	+⅝
00⅛	13	Ad Micro x				00	u27⅛	26⅞	27½	+1⅛
8¾	4⅛	Ad Micro P	0.00	0.32	18	2422	u9½	9½	9⅝	+1½
4⅞	2¼	Advest Grp			2	389	3⅛	3⅝	3¼	+⅛
40⅞	33⅞	Aetna LI	2.76	0.06	7	629	46⅛	44⅞	46	−⅛
10⅝	8⅝	Ahik A	0.24	0.03	28	335	10⅛	10	10	−⅛
17½	12	Ahmanson	0.88	0.05		98387	u19½	17⅞	17⅞	+⅝
3⅞	3⅛	Aileen Inc			7	100	3⅛	3⅛	3⅝	
64¾	51⅞	Air Pr Chm			14	663	64⅛	63⅞	64½	+⅝
25	16⅝	Airborne Frt	0.30	0.01	12	1721	22⅛	21⅛	21⅞	−⅛
18⅞	12½	Airgas Inc			10	00	15⅞	15⅛	15⅝	−⅛

NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices March 4

NASDAQ NATIONAL MARKET

3:00 pm prices March 4

AMERICA

Economic recovery hopes trigger widespread gains

Wall Street

US EQUITIES moved broadly higher at midsession yesterday amid widespread optimism that a return of consumer confidence following the end of the Gulf war would promote economic recovery, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was up 21.29 at 2,931.19. The rally was reflected in other indices, with the Standard & Poor's 500 adding 1.39 to 371.86 by 1 pm. On the big board, advancing issues led those declining by a ratio of five to three. On Friday, the Dow rose 27.72 to 2,909.90.

A number of blue chip issues moved higher by midday including IBM, up $¼ at $131⅝, and Woolworth, $⅜ higher at $33⅝.

Shares in NCR, which is the target of a $90-a-share or $6.1bn hostile takeover bid from American Telephone & Telegraph, lost $1⅝ to $95⅝. AT&T, which said that it would reduce its nominees to the NCR board to 12 from 13, was unchanged at $33⅝.

Drug company issues were particularly active. Bolar, the generic drug company, added $⅞ to $6⅛ amid speculation that Warner-Lambert was buying shares in the company. Last week, the company agreed to plead guilty to a 20-count criminal information lawsuit filed by the Maryland district attorney. Bolar has agreed to pay $10m in fines.

Merck gained $1⅝ to $103⅞ after an analyst at Prudential Securities increased her rating on the stock.

Goodyear Tire & Rubber climbed $1⅛ to $22⅝ after a delayed opening following a "buy" recommendation by a technical analyst.

Advanced Micro surged $1 to $9⅝ in heavy trading after a federal judge ruled that Intel was not entitled to trademark protection on the number "386", which Advanced Micro is using on its microchips. Intel rose $⅛ to $47⅞ in over-the-counter trading.

Data General, which is expected to introduce a very fast computer which can serve a network of up to 500 users, rose $⅜ to $9⅛.

In the secondary market, the Nasdaq composite was up 4.26 at 460.99 at midsession. Shares in Bob Evans Farms rose $⅜ to $18⅛ after the company turned in third quarter net profits of 28 cents a share compared with 19 cents a year ago.

The end of the Gulf war helped shares in Arabian Shield Development, which explores for mineral deposits in Saudi Arabia, rise $1¼ to $4¼ after climbing $1¾ on Friday. Shares in International Mobile Machines, which said on Friday that it was preparing to ship a telephone system to Kuwait City to help repair the local telephone service, added $⅝ to $7.

Canada

STRONG gains in most sectors sent Toronto stocks sharply higher in midday trade. The composite index gained 29.8 to 3,501.3. Advances led declines by 212 to 173, while volume was thin at 12.3m shares.

Bank shares continued to rally in spite of fears that interest rates might not fall further. Expectations that rebuilding Kuwait and Iraq would raise demand for base metals lifted metal and mineral shares.

Dofasco rose C$⅛ to C$19⅝ in spite of announcing a cut in dividend to 20 cents from 32 cents on Friday. Northern Telecom firmed C$⅝ to C$35 after its workers ratified a new three-year contract on Sunday.

ASIA PACIFIC

Volume subsides as bond yields rise and yen declines

Tokyo

THE NIKKEI 225-share average closed mildly firmer yesterday on small-lot buying, but an easier tendency prevailed overall as many investors stayed on the sidelines, discouraged by the weaker yen and higher bond yields, *writes Emiko Terazono in Tokyo.*

The average was finally up 94.45 at 25,976.02, after reaching a low for the day of 25,812.57 soon after the opening and a high of 26,028.97 in the afternoon. Volume fell to 360m shares from Friday's 600m. Losses outnumbered gains by 565 to 397, with 161 issues unchanged. The Topix index of all first section stocks receded 5.86 to 1,925.80, but in London trading the ISE/Nikkei 50 index edged up 0.75 to 1,485.41.

Traders said the market was seeing a technical correction after the recent boost in activity. Mr Mitsuru Maekawa at Jardine Fleming said: "The market is waiting for the meeting between the Japanese 'big four' brokerages, scheduled for the middle of this month, to indicate some direction."

Investors focused on other financial markets as bond yields rose, the yen fell and oil prices climbed for the fifth consecutive day.

Interest rate-sensitive issues lost ground, with electricity stocks falling 3.3 per cent and financials declining 2.6 per cent. Tokyo Electric Power lost Y90 to Y3,850 and Sumitomo Bank slipped Y60 to Y2,060.

Companies with high export ratios were lifted by the lower yen. High-priced electricals advanced, with TDK gaining Y140 to Y5,580. Precision instrument makers were also firm, with Nikon Y40 ahead at Y1,430.

Investors turned to speculative stocks. Mitsui Mining appreciated Y39 to Y989 on rumours that a subsidiary planned to seek a listing on the over-the-counter market.

Kurabo Industries gained Y70 to Y1,860. The issue had fallen recently on reports that a speculator owned a stake of more than 30 per cent, but has been recovering on news that the investor has sold the shares. Individual investors who had sold on margin were said to be buying again.

Sega Enterprises, the video game manufacturer, moved ahead Y300 to Y14,200 after announcing that it would reduce its trading unit to 100 shares from 1,000. The company also announced a 40 per cent gratis issue, and said it would pay a special dividend.

In Osaka, the OSE average retreated 203.60 to 26,648.66 on volume of 31.3m shares. Export-oriented electricals gained ground, while Nintendo, the game maker, put on Y500 to Y22,000.

Roundup

FRIDAY'S RISE on Wall Street encouraged some Pacific Rim markets yesterday, although caution about economic or political prospects weighed on prices elsewhere.

SINGAPORE's rally resumed in busy trading. There was some profit-taking but this was absorbed. The Straits Times Industrial index gained 9.87 to 1,472.85 as turnover grew to S$287m from S$193m. Demand from institutions centred on selected blue chips and bank, retail and hotel stocks.

KUALA LUMPUR also advanced, but trading was cautious after the market's recent strength. The composite index rose 8.32 to 567.83 in volume of 61m shares, up from 78m.

AUSTRALIA slipped on worries about the economy and forthcoming cash calls on the market. The All Ordinaries index shed 8.2 to 1,387.2.

Turnover came to A$342m after Friday's A$362m. The total was boosted by Amcor's sale of 16 per cent of Mayne Nickless, the transportation, security and health company, for about A$200m. Amcor eased a cent to A$4.52 while Mayne Nickless rose 4 cents to A$6.34.

Boral, the building products group, lost 4 cents to A$3.62 on volume of 1.05m shares after reporting a decline in first-half profits. Renison Goldfields shed 20 cents to A$6 after County NatWest crossed two special lines of 519,000 and 600,000 shares at A$6 each.

NEW ZEALAND responded to the weaker tone in Australia with a 1.9 per cent fall. The Barclays index dropped 25.99 to 1,337.36 in turnover of NZ$8m (NZ$15m). Fletcher Challenge lost 11 cents to NZ$3.45 after forecasting flat profits.

HONG KONG reversed early losses, leaving the Hang Seng index a net 11.97 up at 3,564.34. Turnover declined to HK$1.72bn from HK$2.16bn.

TAIWAN rallied from a mid-morning low to end slightly down, after falling on fears that the government was about to crack down on tax evasion.

The weighted index finished 19.61 off at 4,624.84, after losing 172.88 or 3.7 per cent initially. The market had dropped 6.2 per cent on Saturday on news of a formal inquiry into a prominent investor. Turnover fell to T$38.6bn from T$42.5bn.

BANGKOK shed early gains in cautious trading following the appointment of a prime minister at the weekend. The SET index lost 2.89 to 787.57 in turnover of 3.6bn baht.

MANILA closed mostly lower in slow trade because of a rise in Treasury bill rates. The composite index fell 29.06 to 933.50. Dealers said the market was moving into what is traditionally a quiet period before the Holy Week this month and the deadline for income tax payments. Volume eased to 210m pesos from 223m.

Oil issues were given a slight boost by the recent oil find in the southern Philippines.

SEOUL was concerned by differences between the opposition and ruling parties over the timing of local elections. Poor economic data also weighed on prices. The composite index dipped 7.13 to 670.42. Volume was moderate at Won165.9bn, after Won141.4bn in the half-day trade on Saturday.

UK and US enhance global performance

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1991	% change sterling † Start of 1991	% change in US $ † Start of 1991
Austria	+0.48	+16.32	−27.36	+11.65	+10.97	+9.13
Belgium	+1.90	+13.74	−1.74	+14.98	+14.70	+12.80
Denmark	+0.00	+12.10	−2.53	+15.38	+14.96	+13.06
Finland	+1.54	+18.90	−28.55	+12.57	+11.98	+10.12
France	+1.94	+11.90	−6.66	+14.67	+13.31	+11.43
Germany	−2.71	+7.35	−14.55	+8.09	+6.92	+5.18
Ireland	+4.15	+21.72	−18.95	+17.18	+16.48	+14.56
Italy	−2.71	+14.36	−17.58	+8.43	+8.28	+6.45
Netherlands	+2.02	+6.86	−2.64	+8.53	+7.48	+5.71
Norway	+3.12	+11.65	−16.80	+5.63	+5.44	+3.69
Spain	+0.36	+12.97	−2.93	+16.57	+18.54	+16.57
Sweden	+5.07	+9.90	−1.28	+23.20	+23.83	+21.76
Switzerland	+0.08	+6.09	−7.80	+12.50	+9.56	+7.75
UK	+3.24	+11.22	+5.49	+11.79	+11.79	+9.95
EUROPE	+1.34	+10.87	−3.62	+11.70	+11.17	+9.31
Australia	+0.20	+7.16	−6.67	+6.54	+16.30	+11.43
Hong Kong	+2.23	+11.00	+20.01	+16.55	+20.65	+16.64
Japan	+0.35	+12.20	−22.85	+11.53	+14.37	+12.47
Malaysia	+0.12	+10.88	−2.14	+8.81	+9.59	+7.76
New Zealand	+2.40	+8.80	−26.35	+9.69	+14.10	+12.16
Singapore	+2.99	+14.14	−5.45	+22.45	+25.17	+23.09
Canada	+0.38	+5.69	−4.84	+5.29	+7.76	+5.98
USA	+1.30	+7.94	+11.34	+12.49	+14.48	+12.59
Mexico	+1.63	+5.81	+72.30	+4.60	+5.56	+3.81
South Africa	+1.89	+6.99	−10.75	+2.35	+11.17	+9.32
WORLD INDEX	+0.98	+10.11	−6.24	+11.81	+13.44	+11.56

† Based on March 1st 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co.,and County NatWest Securities Ltd

By William Cochrane

ANGLO-SAXON attitudes had a lot to do with the percentage-point rise in the FT-Actuaries World Index last week. The end to fighting in the Gulf and the half-point cut in interest rates spurred on the UK stock market; the US ended stronger on hopes of easier monetary policy and an improvement in consumer confidence.

Tokyo started with a rise of 2.2 per cent on Monday, closed on Friday with a fall of 2 per cent, and managed a small rise on the week. Gulf reconstruction prospects improved on the Middle East ceasefire, notes Nomura International in London; but this flurry left institutions on the sidelines and the market short of inspiration.

Europe, excluding the UK, was down by 0.1 per cent, combining the best performances of the week and the worst: the leaders were Swedan and Ireland, both enjoying a strong recovery this year; the laggards were Germany and Italy.

Sweden has seen a lot of corporate bid activity, including the SKr16bn ($2.8bn) Tetra Pak bid for Alfa Laval, which promised an influx of fresh money to the market this spring, and the Wallenbergs' SKr12.8bn move on Saab-Scania.

In addition, Sweden's institutions have seemed more interested this year in the domestic equity market; the improvement in the country's financial position has been reflected in a steady fall in interest rates; and the 1991 budget, with SKr15bn of public spending cuts, emphasises the government's determination to bring down inflation.

Ireland has risen by about 25 per cent from its late-January low, according to Mr Robbie Kelleher at Davy Stockbrokers, of Dublin; like Sweden, it was a significant underperformer in 1990, when Europe as a whole had a bad year.

On 1991, Mr Kelleher observes that the Irish market is dominated by cyclical stocks with exposure to the US and UK markets, in Allied Irish Banks and Bank of Ireland, Jefferson Smurfit, the international packaging group, and CRH, in building materials. The US banking and paper sectors and UK building materials groups have performed particularly well this year, he says.

On Germany, Goldman Sachs quips that the fiscal shoe has fallen: "Unfortunately, right on the corporate profits' toe." It reviews the Bundesbank's January 31 rise in discount and Lombard rates, from 6 to 6.5 per cent and from 8.5 to 9 per cent respectively; and what it describes as "more drastic than expected" changes to personal and corporate taxes. It says that the interest rate changes do not add up to much in terms of substance, but that, after the tax increases, the prospective rate of earnings per share growth for 1991 has swung back to negative territory.

In Italy, says the Sanpaulo Bank, the halving of stamp duty on share trading had little effect. Instead, investors and traders who had seen an 8 to 10 per cent appreciation in various blue chips over just three weeks decided to take some of their profits, and there were sales in the cash market prior to the exercise of *premi*, the local form of options on equity trading.

EUROPE

Stronger dollar lifts continental exporters

THE STRENGTH of the dollar over the past two weeks lifted continental equities yesterday, with industrials first in line, *writes Our Markets Staff.*

PARIS rose 1.1 per cent to a six-month high, on active demand for companies hopeful of contracts in the Gulf, market laggards, and companies expected to benefit from a higher dollar. The CAC 40 index added 19.95 to 1,766.74 in turnover of about FFr2.2bn after Friday's FFr3.4bn.

Paribas was one of the most active issues, rising FFR11 to FFr490 with 850,175 shares exchanged including one block of 800,000. Dealers said the seller could have been Navigation Mixte.

Peugeot gained FFr12 to FFr538 with 313,100 shares traded. On Friday a German bank recommended a switch from Volkswagen to Peugeot, and at least one broker issued a buy note yesterday. The stock slipped from its day's high of FFr546 after the publication of February French car sales figures, showing an overall fall of 18.8 per cent.

Saint-Gobain was one of the day's biggest movers, rising FFr17.40 or 4.3 per cent to FFr424.90, with 249,460 shares traded, on hopes of Middle Eastern orders.

Béghin-Say, the sugar producer, fell FFr35 or 4.5 per cent to FFr743 after rising 3.7 per cent on Friday when Ferruzzi Finanziaria raised its stake. Carrefour lost FFr52 to FFr3,396 before announcing 1990 results and a one-for-one scrip issue.

Midland Bank SA remained suspended. The home-loans unit of the UK bank said that it was negotiating to sell its subsidiary, Banque Immobilière de Credit, to Woolwich Europe of the UK.

FRANKFURT started tentatively after last week's losses, but the FAZ index rose 3.25 to 651.92 by midsession and the Dax by 14.12 to 1,530.86 by the close. Volume eased to DM5.6bn from DM6.7bn.

The higher dollar helped exporters, among them carmakers, in spite of the higher domestic taxes which depressed the sector last week. BMW rose DM7.50 to DM467.50, adding another DM4 in London later, and *Daimler* gained DM9.30 to DM616.30.

Another dollar beneficiary, was Linotype, rising DM24 to DM577. Foreign interest was reported in the shares, along with those of Schering, the pharmaceuticals group, which put on DM21 to DM759.30.

The flotation of the state-owned Deutsche Pfandbrief und Hypothekenbank (Depfa Bank) was priced at DM400 a share for a three-day public stock offering beginning today. *The flotation is being managed* by Deutsche Bank.

MILAN came off the day's lows on demand for Olivetti, in overall volume estimated at below Friday's L176bn. The Comit index eased 0.24 to 561.22.

Olivetti rose L90 to L3,770 on speculation of an alliance, before being officially fixed at L3,690. The end of the Gulf war boosted Alitalia by L83 or 9.3 per cent to L980 in low volume.

Pirelli, which was strong last week, eased L24 to L1,726. Continental of Germany, the target of a hostile bid from Pirelli, said it would request a listing in Milan in the light of recent developments and its new ownership structure. One analyst said that Continental was acknowledging that a large proportion of its shares was controlled by the Italians but the move could not be taken as an admission of defeat.

AMSTERDAM closed at the day's high on options-related buying. The CBS tendency index closed at 89.7, up 1.0.

Internationale Nederlanden, the group incorporating NatNed, the insurer, and NMB Postbank, made its debut. The shares opened at Fl 46.30, Fl 1.30 above Friday's grey market close, and ended at Fl 47.30. Trading in the stock accounted for Fl 121.5m of the total Fl 517.

ZURICH moved up in low volume, the Crédit Suisse index gaining 8.8 or 1.6 per cent to 543.9 on the dollar and hopes of lower interest rates. Among industrials, Brown Boveri added SFr110 to SFr4,730 and Roche certificates SFr80 to SFr4,140.

The cement producer, Holderbank, saw its bearers rise SFr110 to SFr5,240 on speculation about Gulf reconstruction prospects. Alusuisse, the aluminium and chemical group, rose SFr30 to SFr1,070 on hopes of good results today.

BRUSSELS reached a high for the year on demand for blue chip stocks. The cash market index rose 3.75 to 5,621.11 in volume of BFr805m.

Bekaert, the steel wire and cord producer, rose 8.1 per cent in above-average volume of 4,980 shares. It closed BFr660 firmer at BFr8,820, down from an intra-day high of BFr8,850.

OSLO advanced 2 per cent, the all-share index adding 9.75 to 484.49 in turnover of NKr414m. Shipping stocks led gains, with the sectoral index rising 3.8 per cent.

ISTANBUL plunged 6.6 per cent, but trading was relatively light. The 75-share index shed 336.15 to 4,738.95, its fourth consecutive fall. ATHENS rose 2.1 per cent, the general index gaining 26.84 to 1,317.85.

FT-SE Eurotrack 100 - Mar 4

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1047.96	1049.36	1052.38	1054.00	1054.01	1054.34	1055.70	1054.99

Day's High 1056.03 — Day's Low 1047.96

Mar 1	Feb 28	Feb 27	Feb 26	Feb 25
1045.70	1058.74	1056.65	1060.88	1071.93

Base value 1000 (26/10/90)

SOUTH AFRICA

JOHANNESBURG was quietly steady. The all-gold and the all-share indices each closed 2 better, at 1,084 and 2,803 respectively. Banks provided some action after news that the UBS-led consortium had won the battle for Allied.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	FRIDAY MARCH 1 1991 — US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY FEBRUARY 28 1991 — US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX — 1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	161.54	−1.1	102.75	111.84	105.12	111.51	−1.0	6.03	133.04	103.24	111.85	105.58	112.69	158.31	112.74	139.31
Austria (19)	214.59	−1.1	167.63	182.45	171.48	171.10	−0.2	1.60	218.92	168.34	182.38	172.18	171.48	285.63	167.00	263.17
Belgium (60)	149.14	−0.7	116.50	128.79	119.17	116.04	−0.1	5.07	150.22	116.57	126.28	119.21	116.14	160.02	121.73	134.84
Canada (118)	137.80	+0.1	107.64	117.15	110.11	115.05	+0.4	3.49	137.65	106.82	115.72	109.23	114.62	153.61	121.24	140.42
Denmark (32)	263.01	−0.6	205.45	223.62	210.17	210.88	−0.1	1.84	264.55	205.29	222.41	209.95	211.03	277.62	217.74	244.10
Finland (21)	113.58	−0.2	88.72	96.57	90.76	88.32	+0.7	3.18	113.79	88.30	95.67	90.31	87.68	152.29	90.61	147.83
France (113)	146.81	−1.4	114.68	124.81	117.31	120.56	−0.6	3.42	148.88	115.53	125.16	118.14	121.32	168.85	121.85	143.74
Germany (88)	117.67	−3.0	91.91	100.05	94.02	94.02	−2.3	2.43	121.31	94.14	102.00	96.27	96.27	144.63	101.36	123.76
Hong Kong (48)	144.52	+0.2	112.89	122.87	115.49	144.59	+0.2	4.64	144.26	111.96	121.29	114.51	144.32	147.49	112.24	118.91
Ireland (16)	170.07	−1.3	132.84	144.59	135.90	137.88	−0.8	3.32	172.36	133.76	144.91	136.79	138.98	198.57	132.88	167.48
Italy (91)	83.36	−3.6	65.11	70.87	66.61	71.53	−2.5	3.53	86.19	66.88	72.46	68.40	73.36	109.26	72.05	92.41
Japan (453)	140.33	−2.6	109.61	119.31	112.15	119.61	−1.7	0.72	144.33	112.00	121.34	114.56	121.34	197.26	105.58	162.71
Malaysia (34)	228.61	−0.4	178.58	194.36	182.67	239.66	−0.3	3.15	229.44	178.06	192.89	182.09	240.27	250.89	182.96	236.12
Mexico (12)	606.72	+0.7	473.93	515.83	484.82	1973.17	+0.6	0.35	602.34	467.43	506.40	478.03	1961.88	813.96	324.53	379.56
Netherland (41)	141.62	−1.0	110.62	120.40	113.17	111.92	−0.3	4.84	143.06	111.02	120.27	116.54	112.31	149.03	125.70	131.81
New Zealand (15)	48.70	−0.2	38.04	41.40	38.91	43.01	−0.4	7.90	48.77	37.85	41.01	38.71	43.17	75.36	41.16	65.09
Norway (30)	211.31	+0.1	165.45	180.09	169.26	172.21	+0.7	1.69	211.65	164.25	177.94	167.98	171.07	276.79	182.24	234.16
Singapore (25)	196.05	−0.7	153.14	166.68	156.66	156.25	−0.5	2.32	197.52	153.28	166.06	156.75	157.01	209.24	147.24	192.38
South Africa (60)	199.94	+0.8	156.16	169.99	159.77	139.41	−0.1	3.94	198.17	153.78	166.60	157.27	139.51	251.39	151.50	196.40
Spain (41)	163.57	−1.3	127.77	139.07	130.71	118.40	−0.8	4.79	165.74	128.62	139.35	131.54	119.35	182.25	126.54	147.05
Sweden (27)	194.18	−0.9	151.83	165.10	155.17	163.57	−0.4	2.52	196.94	152.06	164.74	155.51	164.25	234.93	146.60	180.28
Switzerland (65)	95.82	−1.4	74.85	81.47	76.58	79.09	−1.0	2.58	97.22	75.44	81.74	77.16	79.82	109.77	82.17	92.40
United Kingdom (296)	182.15	−0.3	142.28	154.84	145.54	142.28	+0.3	4.97	182.73	141.80	153.61	145.00	141.80	182.73	139.87	151.16
USA (526)	150.08	+0.9	117.24	127.61	119.94	150.08	+0.9	3.27	148.76	115.44	125.07	118.07	148.76	150.09	119.06	135.97
Europe (940)	147.06	−1.2	114.88	125.03	117.52	116.58	−0.6	4.03	148.88	116.53	125.16	118.16	117.24	157.65	124.61	186.01
Nordic (110)	193.09	−0.6	150.82	164.15	154.28	152.43	−0.1	2.06	194.28	150.76	163.33	154.19	152.58	223.29	155.55	186.97
Pacific Basin (650)	139.81	−2.6	109.21	118.87	111.72	119.50	−1.6	1.05	143.56	111.40	120.69	113.93	121.43	192.75	107.82	160.23
Euro−Pacific (1590)	143.13	−2.0	111.81	121.68	114.37	119.12	−1.2	2.31	146.10	113.37	122.82	115.94	120.52	174.18	116.03	150.79
North America (642)	149.25	+0.9	116.59	126.91	119.29	147.75	+0.9	3.28	147.99	114.84	124.43	117.47	146.46	149.25	119.26	136.14
Europe Ex. UK (644)	125.73	−1.9	98.21	106.92	100.49	101.55	−1.2	3.31	128.15	99.45	107.76	101.73	102.82	145.62	106.85	125.47
Pacific Ex. Japan (197)	132.89	−0.6	103.80	113.00	106.20	117.70	−0.5	5.16	133.65	103.71	112.38	106.08	118.29	146.72	111.40	130.01
World Ex. US (1778)	143.78	−1.9	112.31	122.25	114.90	119.67	−1.1	2.36	146.59	113.76	123.25	116.34	121.00	173.77	117.12	151.03
World Ex. UK (2008)	141.16	−1.0	110.27	120.02	112.81	127.81	−0.5	2.39	142.62	110.67	119.91	113.20	128.45	162.00	115.37	143.99
World Ex. So. Af. (2244)	144.47	−1.0	112.85	122.84	115.45	129.17	−0.4	2.67	145.86	113.16	122.64	115.77	129.69	161.84	118.04	144.28
World Ex. Japan (1851)	148.56	+0.0	116.04	126.31	118.73	134.44	+0.2	3.65	148.56	115.30	124.93	117.94	134.12	151.59	124.31	136.71
The World Index (2304)	144.80	−0.9	113.11	123.11	115.72	129.24	−0.4	2.68	146.18	113.44	122.90	116.02	129.76	162.05	118.33	144.61

Constituent changes with effect 5/3/91: Addition: Int. Nederlanden Group (Netherlands). Deletions: Nat-Nederlanden and NMB Postbank (both Netherlands). Latest prices were unavailable for this edition.

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